

Humberside Community Accountancy Service – Does it add up?

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Humber & Wolds Rural Community Council
Humberside Learning Consortium
North Bank Forum
North Lincolnshire Black and Minority Ethnic Forum

Change-up Programme Manager
Hull Developing Our Communities

HCAS Partners, Members of FoLDA and their Accountancy Teams

East Riding Voluntary Action Services (ERVAS)
Hull Community and Voluntary Services (HCVS)
Voluntary Action North East Lincolnshire (VANEL)
Voluntary Action North Lincolnshire (VANL)

Voluntary Organisations and Community Groups

866 Immingham Squadron ATC	Brigg Live Arts
Access Advisory Group (Driffield & District)	Bright Spot Club
Age Concern (Scunthorpe)	Brough Community Centre
Age Concern (Grimsby)	Brumby & Frodingham
Air Training Corps 119 Squad	Community Centre
Alkborough Choir	Centre 88
Alzheimer's Society (North Lincs)	CHAMP
Alzheimer's Society (East Riding)	Churches Together in
Artlandish Ltd	North Lincolnshire
Athletics – Cleethorpes AC	Citizens Advice Bureau
Barnetby Village Hall	Cleethorpes Childcare
Barrow Concert Band	Community Advice Service
Barron on Humber Village Hall	Community Anti-Bullying
Beverley Open Door Community Project	Project
Bilton Grange Community Centre	Community of St John,
Boothferry Road Community Project	St Stephen & Shalom
Bosnia-Herzegovina Association	Crosby Community Assoc
Boys Brigade (Grimsby & District)	Crosby Employment
Bransholme Women's Centre Open Door	Bureau
Bridlington Girls Choir	Cruse Bereavement Care
Brigg & District Gateway	

Dorchester Community Sports Initiative	LK Osmond Memorial Bungalows
Down Syndrome Association (H&ER)	Laceby History Group
East Riding of Yorkshire Disabled Sports Ass	Ladies Phoenix Group
Embroidery (Grimsby & District)	Magic Moments for Autistic Kids
Endike Community Care Association	Maurice Rawling Centre
Environmental Assistance	Maxi Fun Club
F W McCauley Memorial Trust	Migraine Action Association
Family Mediation Service	Mitchell Community Centre
Flamborough Community Action Group	Motorvation Hull & East Riding
Garden Village Society	NE Lincolnshire Carers Support
Goole & District Coalition of Physical Disab.	NE Lincolnshire Disability Access
Goole Community Group	NE Lincolnshire Domiciliary Care
Goole Gofar	NE Lincolnshire Motor Project
Goxhill Memorial Hall	Neighbourhood Church Grimsby
Gradley Junior Sports Association	Newlife Childcare
Greeson Community Hall	North Hull Women's Centre
Grimsby & District Play Training Association	North Lincolnshire Voluntary Car
Grimsby & Scunthorpe Rape Crisis	Scheme
Guru Nanak Sikh Temple	Norwood House
Hall Road Carer's Self Help & Support Group	Odyssey Tendercare Ltd
Halliwick Association of Swimming Therapy	Outcasts Cricket Club
Harborough Play Parks Group	Parents.Com
Harbour Place Day Centre	Parkinson Disease Society (ER)
HART	Parkinson Disease Society (NEL)
Havenfield Residents Association	Preston Road Family Community
Holme Youth Action Group	Association
Home-Start (Bridlington & District)	RATS
Home-Start Hull	Respect
Home-Start North East Lincolnshire	Rhema Youth Works
Home-Start North Lincolnshire	Riddings Action Group
Hull & District Squash Association	Riddings Community Centre
Hull & East Yorkshire Ability	Rights & Participation Project
Hull & EY Stammerers Self Help Group	Scrapstore - Hull Play Resource
Hull Access Improvement Group	Scunthorpe & District Mind
Hull Animal Welfare Trust	Scunthorpe Central Com. Centre
Hull Braves Guild of Disabled People	Scunthorpe Mencap Society
Hull Northern Credit Union	SEARCH
Hull Women's Aid	Society of Mice
Hull Youth For Christ	Soroptimist Int. of Beverley
HUSSO Student Community Association	SSAFA Forces Help
Impact (DAS) Ltd	St Michaels Youth Project
Independent Living North Lincolnshire	Stiffman Support Group
Jacob's Well Appeal	Swinemoor Residents Assoc.
Key Churches Together	The Anti-Poverty Centre
Kingston Upon Hull Shop Mobility	The Green Team

The Hinge Day Centre
The Shire Hall Trust
The Villages Youth Project
Viking Resource Centre
West Hull Scout Association
Westcliffe Community Centre
Women's Aid

2.0 INTRODUCTION

- 2.1 This piece of research has been undertaken as an integral part of the delivery of an effective and comprehensive community accountancy service across the Humber sub-region as outlined in ¹Humber Federation of Local Development Agencies (FoLDA) Infrastructure Investment Plan 2005-06.
- 2.2 The report places community accountancy services within the national policy framework, profiles the Humber sub-region and then focuses on community accountancy services within the context of local development agencies.
- 2.3 The market research undertaken provides information on sub-regional priorities, north and south bank differences and individual area needs of small, medium and large voluntary organisations and groups.
- 2.4 Finally, the findings should contribute to the debate about whether there is a market demand for a sub-regional Humberside Accountancy Service from voluntary and community organisations and whether there are sufficient numbers of these organisations who have the necessary income to pay for such a service.

¹ Humberside Federation of Local Development Agencies (FoLDA) Infrastructure Investment Plan 2005-6 Les Wheatley March 2005

3.0 POLICY CONTEXT

- 3.1 In ²2002 the Cross-Cutting Review of the role of the voluntary and community sector in public service delivery found that infrastructure and capacity building support for the vol/com sector was important for it to be able to play a full part in service planning and delivery. The review also found that services provided were patchy, the quality variable and funding levels different from area to area.
- 3.2 ³“Change Up: Capacity Building and Infrastructure Framework for the Voluntary and Community Sector” is the joint government and voluntary and community sector (VCS) vision for how capacity building support and infrastructure for the VCS should develop in the next ten years.
- 3.3 Key capacity needs identified in this report are that frontline organisations need to improve their performance, develop their paid and unpaid workforce, make better use of ICT, improve their governance, improve their ability to recruit and develop volunteers and fund their activities.
- 3.4 Frontline organisations also should be able to access support that is available nationally and structured for efficiency, is sustainable, offers excellent provision, is accessible to all and promotes and reflects diversity.
- 3.5 The definition of “infrastructure” includes physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, co-ordinate, represent and promote frontline organisations thus enabling them to deliver more effectively.
- 3.6 Also related to the “Change Up” agenda are a number of national “Hubs” covering each aspect of the programme. The ⁴Finance Hub promotes a vision for VCOs to develop effectively, independently and to be financially sustainable. It aims to increase access to quality information, advice and support and use the learning from its work to influence policy and practice.
- 3.7 FoLDA’s Investment Plan is its response to the government’s “Change Up, Capacity Building and Infrastructure” agenda. It is a blueprint for the realisation of sub-regional infrastructure objectives that meet the local and diverse needs of communities. It also seeks to increase its capacity for long term sustainability of a diverse and geographic disparate sector.

² HM Treasury(2002) The Role of the Voluntary and Community Sector in Service Delivery : A Cross-Cutting Review

³ 2005 Home Office (2005) Change Up: Capacity Building and Infrastructure Framework for the Voluntary and Community Sector

⁴ www.financehub.org.uk

3.8 FoLDA's Key objectives ⁵identified for 2005/06 include

- the development of an inclusive, effective and sustainable sub-regional consortium for the voluntary and community sector within the Humber sub-region
- to provide a quality assured, stable and future-proof ICT platform, as common as possible to all infrastructure organisations within the sub-region
- to develop and provide an effective, comprehensive and accessible sub-regional infrastructure for performance improvement and workforce development and governance
- to support the development of a sub-regional BME structure organisation
- develop a continuation/ exit strategy

3.9 The relevant objective to this study is

Objective 4 to provide an effective and comprehensive Community Accountancy Service across the sub-region by providing:-

- information, support, one to one development, and resources
- sector specific accountancy services
- flexible training according to the needs of each organisation

3 planned areas of activity in order to meet this objective:-

- Activity 1 service delivery of community accountancy
- Activity 2 development of the treasurers network
- Activity 3 co-ordination and development of the Humberside Community Accountancy Service (HCAS)

⁵ Humberside Federation of Local Development Agencies (FoLDA) Infrastructure Investment Plan 2005-6 Les Wheatley March 2005

4.0 PROFILE OF THE HUMBER SUB-REGION

- 4.1 The County of Humberside was formed in 1974. It straddled the Humber estuary and covered the former county boroughs of Grimsby and Kingston upon Hull, from Lindsey the boroughs of Cleethorpes, Scunthorpe and the urban districts of Barton-upon-Humber and Brigg, the rural districts of Glanford, Brigg, Grimsby and Isle of Axholme. From the East Riding the boroughs of Beverley, Bridlington and Hedon, the urban districts of Driffield, Haltemprice, Hornsea and Withernsea and the rural districts of Beverley, part of Bridlington, Driffield, Holderness, Howden and Pocklington. Finally, it also included the borough of Goole and the rural district of Goole from the West Riding.
- 4.2 Although Humberside as a sub-regional concept arouses mixed feelings it has always been a recognised name for the area surrounding the banks of the Humber and is still used as a geographic point of reference by organisations, for example BBC Radio Humberside, which was in existence prior to the establishment of the administrative county.
- 4.3 The north bank of the Humber is more heavily populated than the south and more people are engaged in the public administration, education and health sector. However the south bank has on average a marginally higher household income.
- 4.4 Nationally 9.8% of households had at least one adult interested in Civic Participation, 8.3% within the Yorkshire and Humber region and 8.1% in the Humber. Only the East Riding is above the sub-regional and regional average for regular participation in charity/voluntary work, improving local environment or people having an interest in community regeneration.

4.5 HUMBER SUB-REGION PROFILE

Source: Yorkshire Forward in Brief October 2005

Local Authority	Population	Households	Employed	Employment Sector *	Workplaces	Average Household Income	Interest in Civic Participation**
East Riding of Yorkshire	308,421	134,320	115,000	"Public administration, education and health"	"Distribution, hotels and restaurants" followed by "Banking, finance and insurance"	£27,739	9.3%
Kingston-upon-Hull	251,183	114,919	121,000	"Public administration education and health"	"Distribution, hotels and restaurants" followed by "Banking, finance and insurance"	£18,595	6.3%
North East Lincolnshire	161,003	70,356	66,000	"Distribution, hotels and restaurants and Public administration, education and health"	"Distribution, hotels and restaurants" followed by "Banking, finance and insurance"	£21,912	7.8%
North Lincolnshire Council	153,470	67,007	68,000	"Distribution, hotels and restaurants" "Public administration, education and health" and "Manufacturing"	"Distribution, hotels and restaurants" followed by "Banking, finance and insurance"	£24,618	7.2%

* Workplace categories Manufacturing, Construction, Distribution/hotels/restaurants, Transport/communications, Banking/finance/insurance, Public administration/education/health, Other services.

** Term is used to describe individuals who say they regularly participate in charity/voluntary work, improving their local environment, or have an interest in community regeneration

- 4.6 The Humber Federation of Local Development Agencies (FoLDA) is described as an “informal association “of local development agencies and some other voluntary and community sector infrastructure bodies that operate in the sub-region.
The aims are:
- to act as a strong sub-regional consortium of LDAs
 - to work strategically across the sub-region
 - to reduce duplication and conflict
 - to maximise partnership working to provide a standardised service across the sub-region
 - to provide a single point of contact for community capacity building and support
 - to bid at a sub-regional level for funds
- 4.7 Current membership of FoLDA is:
- CERT Ltd
 - East Riding Voluntary Action Services (ERVAS)
 - Hull Community and Voluntary Services (HCVS)
 - Humber All Nations Alliance
 - Humber & Wolds Rural Community Council
 - Humberside Learning Consortium
 - North Bank Forum
 - North Lincolnshire Black and Minority Ethnic Forum
 - Voluntary Action North East Lincolnshire (VANEL)
 - Voluntary Action North Lincolnshire (VANL)
- 4.8 The vision is “to develop a robust, inclusive and sustainable voluntary and community sector that provides an effective voice for individuals and communities and supports the sector’s role in the social and economic regeneration of the Humber sub-region”.
- 4.9 Co-terminus with the four unitary authority areas in the Humber sub-region, there are four local development agencies (LDAs) which provide support to voluntary and community groups in the sub-region. These four LDAs East Riding Voluntary Action Services (ERVAS), Hull Community and Voluntary Services (HCVS), Voluntary Action North East Lincolnshire (VANEL) and Voluntary Action North Lincolnshire (VANL) are not the only local development agencies supporting the sector in the sub-region. There are a number of other sub-regional organisations such as Humber and Wolds Rural Community Council serving the needs of rural communities, Humber All Nations Alliance providing for BME groups, Hull Developing Our Communities assisting communities on the North Bank and the North Lincolnshire BME Forum focusing on BME needs on the South Bank.
- 4.10 ERVAS, HCVS, VANEL and VANL form part of the Humberside Community Accountancy Service (HCAS)

5.0 COMMUNITY ACCOUNTANCY

- 5.1 ⁶Community Accountancy Services (CAS) developed in the 1980's when grant-giving local authorities who were awarding funding to newly developed voluntary organisations considered it prudent to offer them assistance to manage their finances.
- 5.2 Typical characteristic of a CAS are that they exist to service the needs of voluntary and community sector organisations in an accessible and enabling way. The sorts of services on offer cover the provision of payroll services, book keeping services, preparation of accounts, independent examinations, providing information on popular accounting topics, such as preparing a balance sheet. CASs also may produce a newsletter, have a website, co-ordinate meetings for local treasurers and offer group or 1 to 1 training sessions and courses.
- 5.3 Government funding monies, such as the Urban Programme were used to fund some Community Accountancy Services; others were funded independently and some as part of a local Council for Voluntary Service.
- 5.4 The national picture over twenty years later reflects this overall profile of CASs. There are about 50 CASs operating in the UK. They are small, locally based and usually part of a local CVS or an independent organisation. All rely to some extent on statutory funding, usually local authorities. CASs increasingly need to generate their own income- but often their clients cannot afford to pay.
- 5.5 There is no nationally funded body to represent Community Accountancy Services. ⁷The Community Accountancy Network was the result of like-minded CASs coming together to support and encourage each other in their work. Their ultimate aim is to ensure the sustainability of Community Accountancy Services, paying particular attention to those who are not in receipt of assistance from their local authority and also to develop new services in those areas of the country where voluntary and community organisations do not have any access to a CAS.
- 5.6 On a practical level the network is co-ordinated by its members and the main benefits of membership are access to a message board, links to CAS throughout the UK and an annual conference.

⁶ J O'Brien Msc FCCA, Community Accountancy Services (CAS) in the UK – an Overview

⁷ www.communityaccountancy.freeserve.co.uk

- 5.7 According to the ⁸Community Accountancy Network there are six Community Accountancy Services operating in the Yorkshire and Humber region. Rotherham, Sheffield and York CASs operate as part of their CVS, Bradford Community Payroll and Accounts is a long established project of the local CVS which has since become an independent organisation and West Yorkshire Community Accountancy Service (WYCAS) is a charitable company that brings together CVS representatives from Bradford, Calderdale, Kirklees, Leeds and Wakefield to deliver accountancy services.
- 5.8 In the region service profiles, staffing levels, charges and structures vary considerably depending on the organisation that is delivering the service.

⁸ www.communityaccountancy.freemove.co.uk

6.0 COMMUNITY ACCOUNTANCY PRACTICES

- 6.1 It is important to acknowledge and recognise the impact that professional accounting practices have on the delivery of a community accountancy service within an LDA context.
- 6.2 Organisations can be a voluntary organisation or a community group with a set of rules or constitution, an unincorporated registered charity, or an incorporated charitable company.
- 6.3 The basis of any accounting procedure is specified in an organisation's governing document or in reference to whether it is governed by charity and company Law.
- 6.4 Community accountants working in an LDA context do not have, nor do they need, a practicing certificate and as such are not registered auditors, therefore they are unable to undertake statutory company audits of any accounts or prepare and examine accounts for unincorporated charities above the £250,000 threshold. Community accountants have diverse professional and qualification backgrounds which enable them to undertake a community accountancy role. However it is the legislation and their professional bodies that restrict their practice.
- 6.5 The work for charitable organisations may involve preparing a final set of accounts (receipts and payments, simplified accruals accounts or full accruals accounts) for trustee approval and if undertaking an independent examination (IE) then reporting on the accounts to the charity commissioners. Charitable companies, with an income between £90,000 and £250,000 are required to have a report by a "reporting accountant".
- 6.6 ⁹Independent examinations are undertaken by an independent examiner and in law such an examiner is defined as "an independent person who is reasonably believed by the charity trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts". There is no requirement for the person undertaking an independent examination of charitable accounts to be a qualified accountant. ¹⁰In an independent examiners report the examiner has to
- examine the accounts (under section 43 of the Charities Act 1993)
 - follow the procedures laid down in the General Directions given by the Charity Commission (under section 43(7) (b) of the Act); and
 - state whether particular matters have come to their attention

and then confirm that the trustees have met the requirements to ensure that: proper accounting records are kept (in accordance with section 41 of

⁹ ACIE : Association of Charity Independent Examiners Handbook

¹⁰ Charity Commission Accounting and Reporting Receipts and Payments Accounts Pack

- the Act); and accounts are prepared which agree with the accounting records and comply with the accounting requirements of the Act; or to which attention should be drawn in order to enable a proper understanding of the accounts to be reached.
- 6.7 The basis of the independent examiner's statement is to undertake a review of the accounting records and a comparison of the accounts presented with the records. Consideration is given to any unusual items or disclosures in the accounts and seeks an explanation from the Trustees. An independent examination is different from an audit and must be declared as such.
- 6.8 Although professional accountancy qualifications are not required to undertake independent examinations the Charity Commission recommends that accounts between £100,000 and £250,000 are undertaken by an accountant or by an "individual with similar qualifications in charity finance at an appropriate level". If the accounts are to be prepared on an accruals basis under the £250,000 threshold, then the requisite understanding of the relevant accounting principles is demonstrated.
- 6.9 Proposals in the 2005 Charities Bill increase the upper limit for an IE from £250,000 to £500,000. Charities in this income band would have to have an IE conducted by a member of a prescribed list of bodies. The Bill will also herald the arrival of the new Charitable Incorporated Organisation (CIO) which is expected to fall in within the IE thresholds.
- 6.10 There is a national debate about whether independent examinations should be undertaken of charitable companies below the £90,000 threshold. The Association of Charity Independent Examiners is adamant in its view that, " Charities which are also registered as companies currently sit outside the IE regime...the Council is very clear that any external scrutiny that is carried outmust not give any suggestion that it is a statutory independent examination" The ACIE, however recognises that charitable companies are a feature of the sector and are therefore lobbying for amendments to be made to the Company Law Reform Bill to result in the IE regime being able to be applied on the same basis to charitable companies as it does to unincorporated charities.
- 6.11 Accountants, accounting technicians and independent examiners (IE) amongst others are members of their individual professional bodies and are bound by strict codes of ethics generally covering personal integrity, professional conduct, independence, confidentiality, objectivity, performance and competence.

- 6.12 There is a dilemma over approach in community accountancy services professional accountants are prohibited from “cold calling” or soliciting their services and have to adhere to a strict marketing format and guidelines but LDA view actively “reaching out” to groups in need is an integral method of a “hand-held” service delivery.
- 6.13 Another dilemma faced by a professional accountant is that they have to exercise a “duty of care” towards their clients. When a project has short term funding they reach a point where they are unable to accommodate a client because the future of their service becomes uncertain. This is particularly the case if a client wished to change from their current provider to the CAS.
- 6.14 As an independent examiner or as an as accountant the individual has to adhere to professional ethics and will, as required by law, report. This again can conflict with the role of an LDA which is there to help and assist organisations in a crisis.
- 6.15 There are practical issues bound up in the delivery of an accountancy service such as obtaining professional clearance from an organisation’s previous accountant if work has been passed on, letters of engagement, compliance with Charity and Company Law, reviewing clients work and undertaking training and professional development.
- 6.16 The uniqueness of a CAS is that it can provide the service or the assistance required directly to the volunteer or paid worker within that organisation to enable them to meet the requirements of their governing document, whatever its status it can also provide expertise in Charity Commission and Companies House reporting requirements.
- 6.17 CAS, in the words of two Humberside Accountants is

“not just about doing their accounts and checking their records, it’s about meeting the needs of clients, supporting them, signposting”

“ having a working understanding of how groups operate and the problems that they face... speak to them in a language they understand...no technical jargon – help people to do their finances and not scare them away”.

7.0 LOCAL COMMUNITY ACCOUNTANCY SERVICES WITHIN THE HUMBER SUB-REGION

- 7.1 Community accountancy teams, their services and how they fit within their LDAs vary significantly throughout the sub-region.
- 7.2 East Riding Voluntary Action Services (ERVAS) has one full-time (37hrs) community accountant and a part-time administrator (16hrs). The accountant reports directly to the organisation's chief officer. The Community Accountancy Service is ERVAS's first financial service on offer to groups and organisations in the East Riding of Yorkshire area.
- 7.3 Hull Community and Voluntary Services (HCVS) has a long history of assisting groups with their finances, providing a payroll service and a treasurer's network. The community accountancy service in Hull is managed through the organisation's information services section. It comprises of one part-time lead accountant (20hrs), two part-time community accountants (14 hrs), one community accounting assistant (20 – 25 hrs), one book keeper (12 hrs) and a project worker ft (35 hrs). Under the current funding arrangements there is also a full-time (37hrs) Humberside Community Accounting Service administrator and a part-time (17.5hrs) project development worker who undertake tasks on behalf of the Humberside Community Accountancy Service.
- 7.4 Voluntary Action North East Lincolnshire has had an accountancy service operating under its community support services section for a number of years. Currently there is one part-time lead accountant (21hrs). There are two part-time community accountants (16hrs and 14 hrs) and part-time admin support (30 hrs of which 8-10hrs is spent on basic accounts prep).
- 7.5 Voluntary Action North Lincolnshire delivers its community accountancy services through its finance manager (16hrs CAS), finance officer (22.5hrs) – payroll plus book keeping, a part-time community accountant (16hrs), who is sub-contracted through VANEL and a project worker (CAS 8hrs)
- 7.6 All participating LDAs view their CAS as an integral part of their capacity building services and that the service provided has to be perceived as local, irrespective of the Humberside branding.

8.0 MARKET RESEARCH STUDY BRIEF

8.1 The purpose was to gather and analyse information to define the future scope, structure and funding of a community accountancy service(s) which meets the needs of voluntary organisations and community groups across the Humber sub-region.

8.2 Study objectives include

- assimilation of current research, stats and other relevant data
- map existing accountancy services – local as well as those that are/could be provided on a sub-regional basis
- profile of existing/potential client base
- needs analysis
- establish services – fee based and assisted
- community accountancy services within the wider context – CAS within LDA structures
- professional issues

9.0 RESEARCH METHODOLOGY

- 9.1 The primary aim of the research was to establish the financial and accounting needs of small, medium and large voluntary and community sector organisations and groups across the sub-region, market test the viability of HCAS services and potential charges and accommodate any local issues.
- 9.2 It was proposed that all participating local development agencies (LDA) would provide a random sample of organisations with an income of less than 10K (small), between 10K and less than 100K (medium) and between 100K and less than 250K (large).
- 9.3 The defining categories for organisations were benchmarked upon the existing Charity Commission requirements for accounts: charities with an income and expenditure less than £10,000 must prepare accounts. These may be on a receipts and payments basis. There is no formal requirement to have their accounts independently examined or audited.
- 9.4 Charities with an income between £10,000 and £100,000 must prepare accounts, again it may be on a receipts and payments basis but the accounts must be subject to outside scrutiny and the Trustees may (subject to their governing document) choose to have an independent examination rather than an audit of their accounts. The accounts then have to be sent to the Charity Commissioners.
- 9.5 Charities with an income or expenditure between £100,000 and £250,000 must prepare their accounts on the accruals basis and be subject to outside scrutiny. Trustees may, subject to their governing document, choose independent examination over an audit. Their accounts have to be sent to the Charity Commissioners.
- 9.6 Finally, charities with an income or expenditure over £250,000 in the current year (or either of the two previous years) must prepare their accounts on the accruals basis and they must be audited by a registered auditor before being sent to the Charity Commissioners.
- 9.7 Due to the tight timescale for the research it was decided that it would be impossible to try to achieve a statistically confident sample and that the sample would be a snap-shot response of a cross-section of groups in the Humber sub-region.

- 9.8 It was originally envisaged that 50 participants would be sought across the sub-region from each of the three sectors resulting in a sample base of 150 respondents in total.
- 9.9 In recognition of the fact that volunteers and paid workers in the voluntary and community sector are often stretched beyond their capacity it was decided that the most effective method of undertaking the research was to conduct a telephone questionnaire with a mix of closed and open questions.
- 9.10 It was originally envisaged that a Humberside questionnaire would be developed to canvas the views on behalf of the Humberside Community Accountancy Service (HCAS). However, after collating HCAS Stakeholder views, as well as the views of the other FoLDA members, it became apparent that there was confusion of aims between HCAS, the Change-up funded project and HCAS the partnership.
- 9.11 Consequently, the questionnaire was structured to be undertaken on behalf of each LDA. The first part gauged the interest in financial services/receiving information – such as the treasurers network, setting up account records, bank reconciliation, operating a petty cash account, manual/computerised accounting systems, role and responsibilities of the treasurer, budget & cash flow forecasting, preparing & interpreting management accounts, internal financial controls, cash controls, finance policies, reserves policy, risk management, insurance issues, gift aid, accounting for restricted funds, fraud, annual accounts preparation, independent examination of accounts, financial reporting standards and charity statement of recommended practice (SORP) 2005.
- 9.12 A secondary part to the questionnaire covered other LDA services such as payroll, mobile book keeping, funding advice, assistance with constitutions and committees, trustee/director's roles and responsibilities, business planning, organisational development, project management, change management, recruitment services, employment advice for employers, personnel issues, IT support and training, volunteer & staff development and crisis support.
- 9.13 Part two covered training opportunities such as planning for future growth, budgeting, monitoring cash-flow and liquidity, business planning, book keeping courses.
- 9.14 The third section tested the response to a proposed charging policy for aspects of accountancy services. Finally there were a series of short questions designed to test the concept of HCAS as opposed to a local CAS. Open questions related to additional service/training requirements and also general comments.

- 9.15 After initial interviews were held with FoLDA members, including LDA HCAS delivery partners, it was decided to conduct the research on behalf of the participating LDAs so the findings would provide sub-regional data as well as strongly reflecting the distinctiveness of each of the four areas.
- 9.16 Two telephone questionnaires were undertaken one for the north bank and the other for the south bank – reflecting differences in service provision and personal preferences.
- 9.17 A decision was made to canvas the views of community and voluntary organisations and groups through an interrogation of the local development agency's databases rather than through the individual FoLDA organisation databases. This was necessary to achieve the data within a short timescale.

10.0 DATA COLLECTION

10.1 This table demonstrates the planned target numbers and in brackets actual achieved

LDA	Less than 10K	Between 10K and 100K	Between 100k and 250K	TOTAL
ERVAS	13 (13)	13 (15)	12 (4)	38 (32)
HCVS	12 (12)	12 (12)	13 (12)	37 (36)
VANEL	12 (12)	12 (13)	13 (7)	37 (32)
VANL	13 (15)	13 (13)	12 (5)	38 (33)
TOTAL	50 (52)	50 (53)	50 (28)	150 (133)

10.2 East Riding Voluntary Action Services (ERVAS) is a relatively new organisation and has taken over service delivery from three former service providers. It is still in the process of gathering and organising its data on voluntary and community organisations in the East Riding area. Currently it does not have a published directory and its web-site is under construction.

10.3 Hull Community and Voluntary Services (HCVS) have a long established published directory of contacts and have just recently launched its website.

10.4 Voluntary Action North East Lincolnshire (VANEL) is in the process of updating its published directory and has an established website.

10.5 Voluntary Action North Lincolnshire (VANL) has an address based data base and then an index-card system for the recording of their members details. VANL also knows that the majority of its members are small community groups and that there are not many large voluntary organisations operating in the area. The website is well established.

10.6 None of the participating local development agencies (LDA) had information about the legal structure of an organisation or its finances.

10.7 A general trawl through the Central Register of Charities as maintained by the Charity Commission for England and Wales indicated that there are approximately 570 registered charities covering the East Riding Area, Hull had 441 entries, North East Lincolnshire 377 and North Lincolnshire 496. The caveat with this information is of course that there are organisations that work cross-boundary and others whose areas of benefit is often described beyond their main area of operation. As a test sample 150 interrogations of the system for the North East Lincolnshire area indicated

that 47% of the sample was made up by organisations with an income of less than £10,000.

- 10.8 In the light of the data collection difficulties the only way to achieve contact was to systematically work through LDA contact databases. 662 telephone calls harvested the opinions of 133 organisations and groups across the sub-region. This is not a statistically confident sample because the numbers contacted are insufficient. However, the research provides a flavour of needs of a range of organisations and groups across the sub-region.

11.0 SUB-REGIONAL FINDINGS – SAMPLE BASE 133

- 11.1 77% of participants were registered charities, of which 26% were also a registered company and a majority of the registered charitable companies were based on the south bank.
- 11.2 All prepared annual accounts of some description - 51% were prepared by a committee member, 20% by a paid member of staff, 17% by an accountant, 10% by HCAS (13 respondents out of the total sample were HCAS/CVS clients) and 2% by another (for e.g. a partnership that is independently constituted but financially serviced by the local authority).
- 11.3 A majority of south bank organisations had a member of staff with accounting responsibilities whereas a majority of north bank organisations engaged an accountant to undertake annual account preparation work.
- 11.4 84% of organisations, majority based on the north bank, described having their accounts audited, independently examined or looked at by a third party who was not on their committee.
- 11.5 There is confusion about independent examination, auditing and a form of independent scrutiny and just as respondents used the term “our accountant” and “our auditor” indiscriminately then the response to the question cannot be regarded as accurate other than to say somebody from outside of their committee looked at their accounts.
- 11.6 Across both sides of the estuary small organisations (gross income less than £10,000), when asked who looked at their accounts, covered a whole range of people from a commercial accountant to retired accountants but the most prevalent group of people were those who had some interest in their organisation – for e.g
- “whoever we can find in the village”*
- “a relation who has the condition”.*
- 11.7 Medium (gross income between £10,000 and £100,000) and large organisations (gross income between £100,000 and £250,000) in the vast majority of responses engaged commercial accountants, with a few engaging retired accountants. It is interesting to note that a majority of respondents could not remember the name of their accountant but all HCAS/CVS clients referred to the individual by their first name. Another observation is that HCAS as such was not referred to at all, in East Riding and North East Lincolnshire it was an accountant by name whereas in Hull and North Lincolnshire it was the LDA. Accountancy practices which were most likely to be referred to in each area were Smailes Goldie (East

Riding), Rackhams (Hull), Weaver Root (North East Lincolnshire) and Susan Webster (North Lincolnshire).

11.8 34% accessed their accountancy services for free (north bank majority), approximately equal numbers of groups from both banks pay between £50 to £250, 16% pay between £250 - £500 (north bank majority) and 21% pay £500 (south bank majority) and a minority were unaware of their accountancy costs.

11.9 Service and Training priorities across the sub-region are:-

- 68% funding advice
- 42% volunteer and staff development (north bank majority)
- 40% treasurer's network
- 39% organisation development
- 34% business planning training
- 34% employment advice for employers
- 33% personnel issues (south bank majority)
- 31% financial risk management (south bank majority)
- 31% trustees/director's role and responsibilities
- 29% budgets and cash flow
- 29% restricted funds
- 28% annual accounts preparation (south bank majority)
- 27% setting up a manual/computerised accounting records (south bank majority)
- 26% preparing and interpreting management accounts (south bank majority)
- 26% governance/committee assistance
- 25% roles and responsibilities of the treasurer
- 24% Independent Examination of accounts (south bank majority)
- 21% book keeping training
- 14% book keeping service

11.10 Few distinctions have been made between training and service provision because delivery to meet the needs of the groups may be accommodated differently in each of the areas, for example funding advice could be an information sheet, access to a web-based funding programme or a workshop/seminar about completing an application form and developing the accompanying business plan.

11.11 Although the relatively low response to financial service requests (annual accounts preparation, independent examination, book keeping) reflects the respondent's current financial arrangements, a significant number were keen to point out that if they, their treasurer, trustee, accountant resigned or when their committee changes, then their request for services

and training could be significantly different from the answers that they were giving at the time.

“there could be a problem if we lost our independent examiner – also if we had a new secretary they’d need to brush up their skills”

“recruitment of treasurers – it’s a nightmare”

“problems come when there is a change of committee”

11.12 Other areas of service and training interest centred on specialist practical training such as

- first aid
- health & safety
- young people’s training courses
- event management
- marketing and promoting services
- increasing their membership
- drawing up plans for buildings
- recruiting trustees
- keeping a pace with charity commission information and practices,
- CRB checks
- Company law

11.13 A few respondents already felt that their LDA provided for all their needs and a small minority responded with

“we’ve been running it for 35 years and we don’t need training – 79 is the average age and we don’t want to sit in a classroom”

“nobody is interested – just not interested, tried to get the committee interested but they’re not – they already give their time to come here”

11.14 A reflection perhaps that some organisations are quite content to concentrate all their efforts in participating in their group or delivering their services as they have done successfully over many years without assistance from anyone.

11.15 Also a few organisations said that all their service and training needs were met through an affiliation to their regional/head office – majority of who provided specialist training tailored to the service delivery needs/interests of the local organisation.

11.16 57% overall use a computer to maintain their accounting records, of that 60% use Microsoft Excel , 31% use Sage and a further 8% use a variety of other programmes.

12.0 NORTH AND SOUTH BANKS OF THE ESTUARY

12.1 The questionnaire for the north bank included a number of questions about specific aspects of financial service provision. For e.g. how to operate a petty cash account. The results in order of priority were

- planning for future growth
- business planning service
- project management
- IT
- crisis support
- payroll
- monitoring cash flow
- fraud
- change management
- reserves policies
- internal financial controls
- SORP 2005
- recruitment
- cash controls
- finance policies
- insurance
- financial reporting standards
- bank reconciliation
- gift aid
- petty cash.

12.2 Charging for services was a key question for both north and south banks, however there was a strong north/south divide as to how this question should be asked and how it related to the services and training on offer. For example, business planning was viewed by the north bank as a service provision opportunity as well as a training opportunity, whereas on the south bank, business planning was only regarded a training opportunity.

12.3 All the accountancy teams defined their services and devised individual draft charging policies. The North East Lincolnshire area had already had the benefit of a community accountancy service and therefore had strong views based on the needs of their repeat business clients. Voluntary Action North Lincolnshire had a strong history of providing accountancy support to their members as an integral element of service provision; therefore CASs covering the south bank had a history of service delivery prior to the development of HCAS. On the north bank, Hull organisations had been provided with financial assistance as well as a Treasurer's

Network but in the East Riding, due to the embryonic status of East Riding Voluntary Action Services, community accountancy was a new concept.

12.4 It was envisaged across the sub-region that a singular charging policy costing and pricing structure could be achieved. However, through further research into other CAS it emerged that nationally CAS could not agree on charging policies or practices. This is an ongoing topic for national debate. Regarding the services that should attract charges, there is agreement throughout that annual accounts preparation and Independent Examination of accounts should be charged services.

12.5 In the Humber sub-region HCAS took the decision to test market their draft charging proposals.

Annual Accounts Preparation and Independent Examination Charging Summary

Service	ERVAS	HCVS	VANEL	VANL
annual accounts prep	flat fee of £50 + 0.5% of turnover	depends on the size & ability of the organisation to pay	% gross income, minimum charge based on daily rate of £125. For IE categories (a) unincorporated charity, voluntary or community group with income less than 10K, (b) unincorporated charity, voluntary or community group less than 250K and (c) incorporated (e.g. Co. Ltd by guarantee & registered charity) – charged at (a) 0.5% (min charge £125), (b) 0.75% (min charge £175) and (c) 1.0% (min charge £250) .	
independent examination	if part of annual accounts prep another £50 if just an IE free	depends of the size & ability of the organisation to pay		

12.6 Other proposed charged services across the region were payroll, development of manual/computerised accounting system, financial health checks and training and development courses. A number of these services are already operated by the LDAs and are therefore subject to a local charging policy.

12.7 It was also agreed that lead accountants should be able to exercise their discretion in the implementation of charges and that it really depended on the state of a clients books and the type of activities/ funding undertaken as to the exact costs for the service.

NORTH BANK

12.8 A majority of the respondents generally agreed with ERVAS' charging policy.

12.9 There were a number of comments similar to

"we have such little funds we couldn't afford it – it's ok for the large groups"

"can't expect to have it done for free – but some organisations cannot afford to pay"

12.10 There were a number of respondents who disagreed with the proposed payroll charges, one suggesting that

"the payroll charges could be confusing – should be a set fee or a % per head of employees"

12.11 A majority of the respondents generally agreed with HCVS' charging policy

"lot in the charity world who are employed and have surplus cash – they should pay a fee – we are fortunate we have sponsors and beg, borrow and then pay back".

12.12 A couple of organisations wanted to point out that

"everyone looks able to pay on paper when the reality is different"

"even if the organisation has the turnover it's not necessarily got the budget heading for it. Not a budget for sorting out a mess."

SOUTH BANK

12.13 VANEL and VANL CASs did not wish to test their draft policy; instead they wanted to ascertain whether an organisation would be interested in a particular service if free or if they would be prepared to pay for it. Also, they wanted to find out if potential clients were interested in particular training sessions and if they were interested in participating in a group session or in a one to one training session.

12.14 Generally 66% of respondents were interested in training and would prefer it to be free but would also be prepared to pay for it if it was relevant to their needs. 33% would be interested in 1 to 1 training and again would prefer it to be free but would be prepared to pay for it.

12.15 A majority of respondents wanted free access to

- funding advice
- good practice guidelines on popular accounting topics
- business planning training
- employment advice for employers
- personnel issues
- organisation development
- health checks
- treasurer's network
- trustees/director's role and responsibilities
- e-mail/telephone support
- volunteer and staff development
- becoming a company.

12.16 Respondents were prepared to pay for annual accounts preparation and regarding independent examination there were equal numbers who would pay for the service, expect it to be delivered free and who would prefer it to be free but would pay if required. Respondents would pay for a booking keeping service.

12.17 Regarding training provision, a majority of respondents wanted training on a 1 to 1 basis (in order of priority) budgeting & cash flow forecasting, managing and interpreting management accounts, setting up manual/computerised system, restricted funds, book keeping training and roles and responsibilities of the treasurer.

12.18 The only group training activity requested was to look at financial risk management and concerning full cost recovery there were as many who wanted to access it on a 1 to 1 basis as participate in a group.

12.19 35% had heard of HCAS, 18% knew what HCAS did as an organisation and 41% knew about the role of a community accountant. Over half of the respondents that had heard of HCAS were based in the East Riding area and is perhaps reflective of the necessary research work undertaken by the community accountant in that area in having to establish a new service.

12.20 When asked who they would turn to if they needed help to manage their money or sort out a problem a significant number of the respondents said that they would turn to their LDA for assistance.

12.21 Interestingly, in North East Lincolnshire there were noticeably more accountants in the VCS

“my husband who is a chartered accountant, if not him then we have another two chartered accountants on the committee”

“I am a qualified accountant so myself”

“our treasurer is a qualified accountant” (2)

12.22 General Comments included

“it’s a fantastic ideas that you have come up with this – exactly what people need – to keep up with legislation and new people coming on board”

“at our stage of life we are not interested, we are dying off we can’t get the young ones interested”

“it’s nice to know that somebody is on the end of a phone. When I’ve rung up they have been really helpful”

“much needed service for smaller/new organisations and for those at risk. Fundamental service to organisations who are more interested in what they do rather than administration and financial skills – which are much undervalued”

“the service you provide is very useful but we would have to re-consider our position if it wasn’t free”

“what I’ve needed I’ve always been able to get from ERVAS – they’re very good”

“having Hull CVS on the doorstep is very good. A safety net is there”

“always extremely pleased with what we get from VANEL’s training – it is organised and well received”

“VANL does a fantastic job, always there when you need them for anything, we are grateful for all that they do – long may they be around”

13.0 OUTCOMES

- 13.1 The research assists with profiling the service needs expressed by the participants, so HCAS appears to have approx 10% of the sampled market in annual accounts prep – whereas commercial accountants have 17% - the remainder 71% is dealt with in-house. This would tend to suggest that the existing annual accounts preparation market is going to be difficult to enter – unless of course a group is new, in a period of growth, or in a crisis. Many respondents, when asked about their gross income said that it fluctuated above and below the financial thresholds, depending on their receipt of funding.
- 13.2 Independent Examination, audit, somebody else looks at them - were all used indiscriminately, without an appreciation of the legal and reporting differences between each process. Accountants and Auditors were interchangeable terms of reference, therefore it is impossible to draw any real conclusions from the request for these sorts of services – obviously auditing is outside the remit of a CAS.
- 13.3 There are a range of dilemmas to address regarding the delivery of a professional accountancy service within the context and ethos of an LDA.
- 13.4 When the results are broken down into their LDA areas and into organisational size many of the responses are equal in terms of priority and reflect a need for a range of issues to be addressed. Interestingly, the north and south bank differences in service provision were reflected in their top five priority areas. For the north bank, planning for future growth, IT, payroll, business planning service and project management featured. On the south bank, good practice guidelines were a priority followed by training on full cost recovery.
- 13.5 Across the sub-region there were a number of issues that were local priorities but that failed to make it into the sub-regional top five. HCVS and VANEL priorities managed to match the top five, even though they may have some equally ranked other priorities, ERVAS managed four out of the five whereas VANL managed three.
- 13.6 VANL is the only CAS to prioritise annual accounts preparation and independent examination of accounts in its top five priority areas. This could be due to the fact that VANL has always provided payroll, book keeping and independent reviews of accounts and branded it as “financial support” rather than a community accountancy service. Consequently, organisations have a history of book keeping and independent examination services being part of an LDA.

- 13.7 It is evident from the findings that the participants are interested in networking with like minded people and accessing advice and training on a variety of capacity-building issues from volunteer development through to financial management. But though training is high on the agenda it is worth noting that a number of respondents said that if they, their treasurer, finance officer or trustee whom they relied up left the organisation, then they would need assistance with management of their finances. Expressions of interest in training can only reflect current needs and a number of respondents were keen to point out that as a committee inevitably changes then so too will their needs.
- 13.8 Respondents, quite clearly want their needs meeting on a local level and strongly identify with their LDA as a service provider therefore Humberside Community Accountancy Service is a network in name, the few that had heard of it still recalled their contact with an individual or the LDA and not the service itself.

14.0 CONCLUSION

- 14.1 Does Humberside Community Accountancy Service add up? There is evidence of a wide-range of capacity building needs including financial management to be met on a local level. Humberside Community Accountancy Service as a single entity is perhaps best described as a practitioner's network, it has only been in practical existence for a few months and therefore would be unlikely to feature heavily in a survey. The respondents that had experience of the community accounting service quite clearly either referred to individuals or their LDA – not Humberside Community Accountancy Service. The parts of HCAS are far greater than its sum.

15.0 RECOMMENDATIONS

- Consider re-branding and marketing of general services with regard to the conclusions of this report
- Consider marketing general advice and training services as the gateway to professional advice
- Re-model the HCAS partnership by building on local services that reflect local needs in the Humber sub-region

Appendix A

Humber sub-region and LDA Top Five Priority Areas (including the north and south bank specific data)

Humber sub-region	ERVAS	HCVS	VANEL	VANL
(1)funding advice	funding advice	funding advice	funding advice	funding advice
(2)volunteer & staff development	volunteer/staff development	volunteer/staff development planning for future growth	good practice guidelines	good practice guidelines
(3)treasurer's network	treasurer's network organisation development planning for future growth budgets	treasurer's network	business planning training	annual accounts prep
(4)organisation development	trustees/directors roles & responsibilities	business planning training IT	treasurer's network budgets and cash flow forecasting preparing & interpreting management accounts risk management employment advice for employers personnel issues	restricted funds independent examination organisation development
(5)business planning training (5)employment advice for employers	business planning training	payroll business planning service organisation development project management employment advice for employers	Organisation development health checks	setting up a manual/computerised system risk management volunteer/staff development full cost recovery

Appendix B

SMALL MEDIUM AND LARGE ORGANISATION'S TOP THREE PRIORITY AREAS

Humber sub-region	ERVAS	HCVS	VANEL	VANL
Small Less than £10,000	(1)funding advice (2)treasurer's network (3)volunteer & staff development (3)organisatio development	(1)funding advice (2)planning for future growth (3)treasurer's network	(1)treasurer's network (2)funding advice (3)good practice guidelines (3)business planning training (3)budgets (3)preparing & interpreting management accounts (3) risk management (3) organisation development (3) accounting system (3)restricted funds (3)independent examination (3) vol/staff development (3)governance advice (3)book keeping training (3) roles & responsibilities of the treasurer	(1)funding advice (2>manual/computerised accounting systems (3)good practice guidelines (3)organisation development (3)restricted funds
Medium Between £10,000 and £100,000	(1)funding advice (2)volunteer & staff development (2)planning for future growth (3)budgets	(1)funding advice (2)treasurer's network (3)volunteer & staff development	(1)funding advice (2)good practice guidelines (2)business planning training (3)employment advice for employers (3)personnel issues	(1)funding advice (1)annual accounts prep (1)independent examination (2)good practice guidelines (2)employment advice for employers (2) personnel issues (2) organisation development (3) risk management (3) full cost recovery (3) volunteer/staff development

SIZE OF ORG	ERVAS	HCVS	VANEL	VANL
Large Between £100,000 and £250,000	(1) funding advice (1) organisation development (1) trustee/director roles & responsibilities (1) crisis support (1) risk management (2) volunteer/staff development (2) treasurer's network (2) planning for future growth (2) budgets (2) monitoring cash flow (2) roles & responsibilities of the treasurer (2) fraud (2) employment advice for employers (2) internal financial controls (2) cash controls (2) restricted funds (2) IT (2) preparing & interpreting management accounts (2) finance policies (2) SORP 2005 (3) business planning training (3) business planning service (3) project management (3) change management (3) personnel (3) reserves (3) FRS (3) gift aid	(1) volunteer/staff development (2) employment advice for employers (2) IT (3) planning for future growth (3) project management (3) personnel (3) SORP 2005	(1) funding advice (1) good practice guidelines (1) business planning training (1) employment advice for employers (1) personnel issues (1) health checks (1) organisation development (2) budgets (2) preparing & interpreting management accounts (2) risk management (2) full cost recovery (2) manual /computerised accounting system (2) restricted funds (2) annual accounts prep (2) treasurer's network (2) trustee/director roles & responsibilities (3) e-mail/telephone support (3) independent examination (3) volunteer/staff dev	(1) good practice guidelines (2) risk management (2) full cost recovery (2) treasurer's network (2) budgets (2) management accounts (2) health checks (3) funding advice (3) annual accounts prep (3) restricted funds (3) independent examination (3) volunteer/staff development (3) employment advice for employers (3) personnel (3) e-mail/telephone support