

Guidance Notes for the Summary Information Return

Background and Introduction

In 2002 the Government's Strategy Unit published its report, *Private Action, Public Benefit*. The report identified a need for accessible and relevant information about charities to be made available. It recommended that charities with an income of above £1million should complete an annual Summary Information Return (SIR) highlighting key qualitative and quantitative information about the charity's work, with a focus on how it sets objectives and measures its outcomes and its impact.

In 2003 the Government published its response to the Strategy Unit report which expressed support for this recommendation. The Home Office subsequently tasked the Charity Commission with taking it forward, and in consultation with the sector work to develop the SIR was carried out in order for it to be incorporated into the Annual Return from 2005 onwards. Its main purpose is to strengthen the information available to the general public about the work of charities.

The SIR is designed to enable charities to provide an easily accessible **summary** of key aims, activities and achievements that can direct readers to the more detailed information contained in their trustees' annual report and accounts, their annual reviews, their websites and other published information. Charities should consider including the completed Summary on their own websites to facilitate the public's access to it and to the underlying, more detailed, information.

When completing the SIR, you should aim to create a document that helps the public understand what your charity does and how it has performed. Please bear in mind that the general public are your main audience, so use language that is as clear and simple as possible.

Scope

The SIR is to be completed by all charities with an annual income of greater than £1million. Information is sought on all of your charity's activities whether undertaken directly by your charity or through any subsidiaries undertakings that your charity controls and accounts for within its consolidated accounts. Where charities' activities are carried out by paying grants or by providing funds to partners or joint ventures, the information (joint venture activities

will be included in consolidated accounts) in the SIR should be drawn from your charity's consolidated accounts explaining how the aims, strategies and objectives of the funding relate to your charity not to those of the grant or funding recipients.

Key Principles

The information will:

- be easily understood by, and useful to, the 'interested' general public; including donors, investors and beneficiaries
- enable the public to be better informed about the work of charities
- provide a snapshot of a charity's aims, activities and achievements
- provide information about factors that have affected performance
- be publicly available through display on the Charity Commission's website

The information should:

- signpost to, and demonstrate links with, more detailed sources of information, for example the trustees' annual report and accounts
- be consistent with other sources of information
- be capable of validation and drawn from a clear evidence base
- demonstrate context for the information reported, and its longer term significance, for example its relationship to external trends, or to the previous year's performance

The information must:

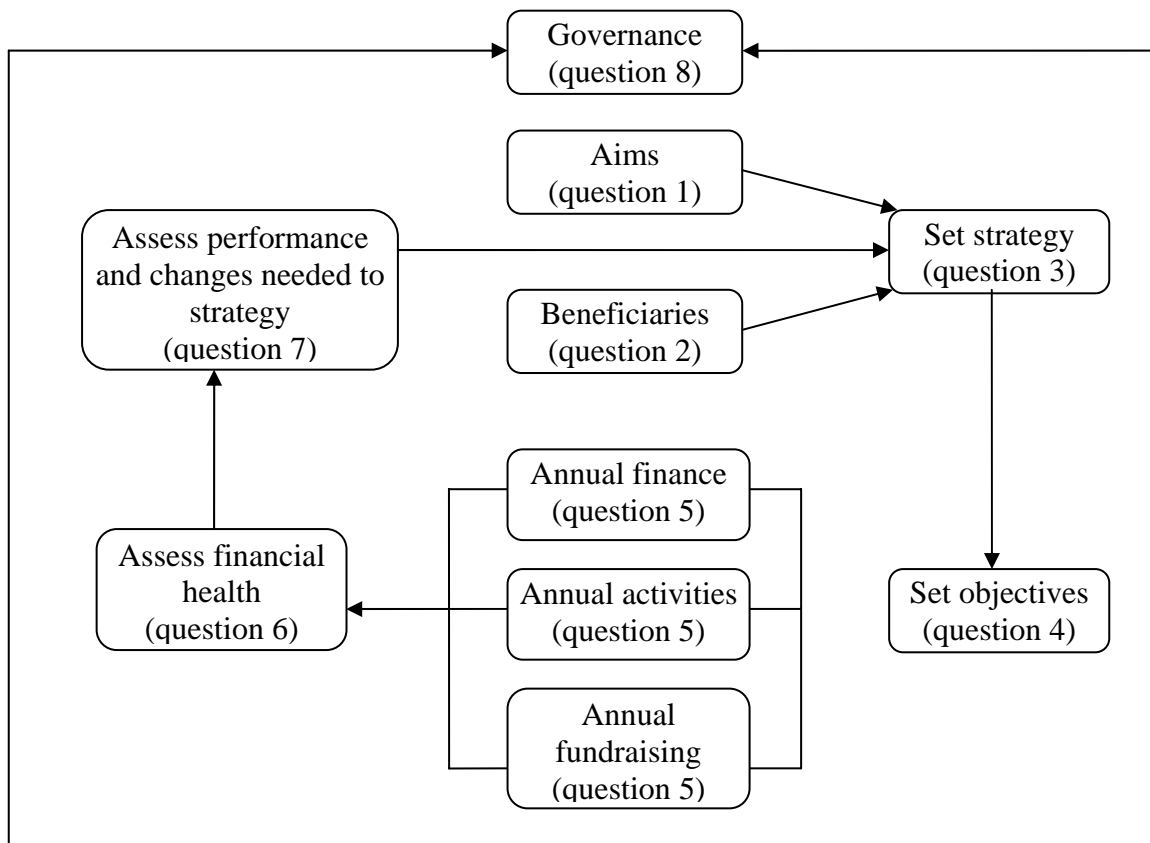
- be self-certified through sign-off by a trustee
- be submitted as part of the Annual Return to the Charity Commission

Guidance on answering the questions

The length of the response to each question should reflect the fact that each is intended to be a **summary** of **key** information disclosed in the trustees' annual report and accounts and other sources of publicly available information. Each question leaves space for you to insert a cross reference to more details on the relevant subject in, for example, your charity's annual report and accounts, your annual review or your website.

Your charity may have subsidiary undertakings which it controls and through which it carries out part of its charitable or income generating activities. Where this is the case, the answers you give to each question in the SIR should encompass the activities and finances of the whole "group" as disclosed in your charity's consolidated accounts and not just the charity itself.

The questions are designed to help demonstrate the key features of each major aspect of your charity's operational cycle, as illustrated in the following diagram.



Question 1: The charity's aims

You should explain concisely what your charity plans to achieve, or the difference it seeks to make. The statement should provide an understanding of the purpose of your charity's activities and, at a very high level, of the basic direction of your charity's work. This statement would not usually be the same as the charity's legal objects (which are already stated on the Commission's website).

Question 2: Who benefits

For charities that make grants, the details provided in answer to these questions should explain the categories or groups of beneficiaries to whom grants are made. Where the grant-making policies focus on supporting particular types of activities again this should be explained

2 a): Who benefits from the charity's work?

You should explain or list the groups of people, communities or organisations that your charity's work is supporting. This will include any people or organisations that benefit from the charity's services or facilities, whether provided by the charity on a voluntary basis or as a contractual service, perhaps on behalf of a body like a local authority.

2 b): How do you respond to their needs and how do they influence the charity's developments?

Charities exist to serve their beneficiaries (current and potential), or service users, and to provide services that satisfy their needs as completely as possible. Well-run charities try continuously to improve their services in ways that have a direct, positive impact on the lives of users, exploring a variety of ideas and methods to achieve this. Beneficiaries and service users are key stakeholders.

You should briefly explain how your charity seeks the views of its beneficiaries or users, maintains a dialogue with these groups and how their views are channelled into the decision-making processes of your charity.

This question applies to all charities whether or not they deliver services; for example a grant giving charity would need to explain the ways in which it considers the needs of its grant applicants and grant holders.

Question 3: The charity's strategy

3 a): What are the key elements of the charity's medium to long-term strategy?

The purpose of this question is to enable your charity to explain how it plans to accomplish its most important medium to long-term objectives. The explanations given should:

- provide an understanding of the strategy for achieving your key objectives
- provide an understanding of how these key objectives will further the aim of your charity;
- primarily be those relating to your charity's charitable activities.

3 b): How does the charity measure the success of the strategy?

You should explain briefly the techniques that your charity uses to assess whether or not it is meeting the broader, longer-term effectiveness of its strategy. For grant-making charities this applies to their assessment of their own strategies rather than those of the grant recipients.

Question 4: Objectives and achievements

For grant-making charities, the information required in answer to these questions relates to the grant-maker's own objectives and activities and not to the grant recipients.

4 a): What were the charity's main annual objectives and were they achieved?

The purpose of this question is first to enable your charity to set out its short-term objectives for the year. These objectives should provide an understanding of how your charity's strategy was to be progressed during the year. You should explain your objectives relating to external outcomes rather than to internal management. Your explanation should allow the reader to assess how the annual objectives would help your charity to achieve its overall aim and strategy.

In the second part of the question, you should provide details of the achievement, in terms of the measures or indicators used by the charity to assess performance against its annual objectives. Where applicable, you may wish to explain the reasons why a target was not achieved. The measures can be either quantitative or qualitative, or a mixture of both.

Question 5: Income and expenditure

5 a): What were the charity's sources of income in year?

The required analysis of income should be drawn from the Statement of Financial Activities for the year. Definitions of the types of income to be included in each of the standard headings are set out in the Glossary and are designed to be consistent with those used in SORP 2005. Line 5 (other incoming resources) should only be used where an income source cannot be analysed within the other four income categories provided. Most charities will not need to use this category and where its use is necessary the amounts are likely to be only a small proportion of total income.

5 b): What were the most significant activities in the year, and how much did the charity spend on these?

You should provide brief details of those charitable activities that made the most significant contribution to the annual objectives you have listed in answer to Question 4. Information provided here might include details of the services provided by your charity, the significant projects or programmes that your charity undertook / is undertaking, or the types of grants made. The details provided should be sufficient to provide a reasonable understanding of the work undertaken by your charity in the year.

The "Other" category should normally only represent a small proportion of total charitable expenditure and is used to summarise the costs of those activities that are not listed separately.

The definition of what comprises charitable activity is set out in the Glossary and is consistent with that used in the SORP. Grant making charities should disclose the cost of the grants that they have awarded and not just the costs incurred in running their grant-making programme. The "Total expenditure on charitable activities" should agree to the same figure disclosed in your charity's Statement of Financial Activities.

The amount entered for "Total Expenditure" should also agree with the amount disclosed as "Total resources expended" in your charities Statement of Financial Activities.

You should include details and cost of charitable activities undertaken through any subsidiary undertaking that are included in your charity's consolidated accounts.

You may wish to provide comment on, or explain the charitable activities and costs that you have provided, for example if an activity is low in cost but high in impact.

5 c): What were the charity's three main fundraising activities in the year, and how much did each generate and cost?

Fundraising activities here include income from all activities designed to raise Voluntary Income and from Activities for Generating Funds (see definitions in the Glossary). These definitions, and the basis of computing income and costs, are consistent with those used in the SORP.

When identifying your charity's main fundraising activities in the year, you should select those activities that are considered of greatest strategic importance to your charity. In most cases these will be the activities that generated most income for your charity. If these items are material your charity will probably have included this information in the notes to its accounts.

The total income generated from fundraising activities should agree with the total of Voluntary Income and Income from Activities for Generating Funds provided in question 5a) under 1. Voluntary income and 2. Activities for Generating Funds. Therefore the line entitled "Other" should be the balancing figure to ensure that the totals agree to question 5a).

The costs of each activity should comprise both the direct and indirect costs in the year. The total of all the costs of fundraising activities should agree to the totals disclosed in the Statement of Financial Activities under the headings "Costs of generating Voluntary Income" and "Fundraising Trading: costs of goods sold and other costs".

In answering this question, please include any fundraising activities that are undertaken through subsidiary undertakings.

Question 6: The charity's financial health

The charity's financial position at the end of each year has an effect on what it can / will do in the future. In your answer to this question, you should highlight key information concerning your charity's financial health at the end of the year including, for example, the level of its reserves, whether that level is satisfactory, why the reserves are being retained and any significant financial commitments that might crystallise in the future.

Question 7: The next year

7 a): How will the overall performance last year affect the charity's medium to long-term strategy?

Your charity's assessment of its activities and of the outcomes or impact of its work during the year should feed into its planning processes, influencing the direction of future activities undertaken. You should explain how the assessment of the results of your charity's performance in the year is used to modify its medium to long-term strategy.

7 b): What are the charity's main annual objectives for the next year?

The aim of this question is to enable your charity to set out its annual objectives for the next year.

Please identify and explain objectives that have external outcomes, rather than internal management objectives. Priority should be given to disclosing objectives relating to external outcomes rather than to internal management. Where possible they should be expressed in a way that allows the reader to assess how the objectives will further achievement of the charity's overall aim.

Question 8: The charity's governance

Governance provides the mechanism by which a charity is directed and controlled. Good governance is crucial to ensuring that a charity operates effectively. Charity Commission publication CC10 (The Hallmarks of an Effective Charity) defines effective governance of a charity as:

"An effective charity is run by a clearly identifiable trustee body that has the right balance of skills and experience to run the charity effectively, acts in the best interests of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them effectively".

This question is intended to enable you to explain concisely how your charity seeks to ensure that appropriate governance arrangements are in place and any procedures adopted in reviewing such arrangements.

You do not need to provide a full description of all your charity's governance arrangements – these may already be provided in your trustees' annual report and, if so, you may wish to cross refer to

them in this summary. What you should explain is how you ensure that these arrangements are appropriate and effective.

Please bear in mind here that many members of the general public have little understanding of how a charity is run, so make your points clearly and simply.

Glossary

Achievements: things that have been accomplished by the charity.

Activities: anything done using resources belonging to the charity or under its control, and including all of its work and services.

Activities for generating funds: trading activities undertaken by the charity specifically to generate incoming resources. They include:

- fundraising events such as jumble sales, firework displays and concerts (which are legally considered to be trading activities);
- non-charitable trading activities;
- fees for any services provided to non-beneficiaries;
- income generated through shops selling either bought- in or donated goods;
- any lottery or sponsorship income that cannot be considered as pure donations.

Aims: the changes the charity plans to achieve, or the differences it wants to make.

Annual objectives: the intended goals the charity intends to achieve during one year to accomplish its aims and further its strategy.

Benchmarks: criteria by which to measure something, such as the outcomes of charitable activity.

Beneficiaries: persons, people or bodies who may benefit under charitable trusts.

Charitable activities: work undertaken by the charity to meet its charitable objectives. They exclude the costs of raising funds to finance the charity's activities and its governance costs.

Charity trustees: the people who, under the charity's governing document are responsible for the overall control of the charity and for ensuring that it is properly managed. In the charity's governing document they may be called trustees.

Fundraising activities: activities associated with generating incoming resources from all sources but excluding charitable activities. They include the generation of Voluntary Income, undertaking Fundraising Trading and providing non-charitable services to generate income.

The income from these activities is categorised in the charity's Statement of Financial Activities either as Voluntary Income or as Activities for Generating Funds. The costs of these activities should have been categorised in the charity's Statement of Financial Activities either as Costs of Generating Voluntary Income or as Fundraising Trading.

Governance arrangements: arrangements made by the charity's trustees for the management and control of the charity and its activities.

Gross Income: is the total recorded income of your charity from all sources including income received for restricted purposes. It does not include any capital gains derived from investments or any revaluation of fixed assets in the year. The details provided on this form should be consistent with the statutory accounts of your charity and will equate to the total incoming resources of your charity, as shown in its Statement of Financial Activities.

Impact: the broad, longer-term effects of the charity's work.

Incoming resources from charitable activities: any incoming resources that are a payment for goods or services provided for the benefit of the charity's beneficiaries. They include income from:

- the sale of goods and services provided as part of the direct charitable activity (primary purpose trading);
- the sale of goods or services made or provided by the beneficiaries of the charity;
- the letting of non-investment property in furtherance of the charity's objects;
- contractual payments from government or public authorities where these are received in the normal course of trading under the above three categories (e.g. fees for respite care);
- grants that have conditions which make them similar in economic terms to trading income, such as service level agreements with local authorities.

Indicators: well-defined, easily measurable information, which shows how well the charity is performing.

Inputs: the resources and activities which are used within the charity to create the services offered, for example, staff and volunteers' time, use of equipment etc.

Investment income: incoming resources from investment assets, including dividends, interest and rents received from investment property. It excludes realised and unrealised investment gains and losses.

Key activities: the most important activities carried out by the charity.

Milestones: key events in progress towards meeting aims and objectives.

Mission: tasks or duties that the charity wants to achieve.

Objectives: the intended goals the charity intends to achieve to accomplish its aims and further its strategy, usually over a period of years.

Other incoming resources: all the charity's incoming resources other than those categorised as Voluntary Income, Income from Activities for Generating Funds, Investment Income and Incoming Resources from Charitable Activities.

Outcomes: the changes, benefits, learning or other effects that happen as a result of the charity's services or activities.

Outputs: the activities, services and products provided to users. They show the volume of work undertaken, representing the direct products of the charity arising from its activities.

Plan: a written description of the steps the charity intends to take to achieve certain things. See also Strategy.

Qualitative information: information that is primarily descriptive and interpretative.

Quantitative information: information that is primarily numerical.

Results: the outcome or consequence of actions taken by the charity. They may either be financial or non-financial.

Services: the goods, grants, information and activities the charity provides for its users.

Service Users: anyone who uses or benefits from a charity's services or facilities, whether provided on a voluntary basis or as a contractual service.

SORP: is the Charities' Statement of Recommended Practice (Charities SORP) provides recommendations for the format and content of charity reports and accounts. It applies to charities that prepare accruals accounts to give "a true and fair view." As well as the Charities SORP this page provides further links that may be helpful to preparers of accounts.

Stakeholders: any person, group, or organisation that has an interest in, or expectation of, the charity.

Strategy: a planned way of achieving longer-term aims. A medium to long-term strategy usually covers a period of three to five or more years

Targets: Goals or objectives that are set by the charity at the beginning of a period and are then used to measure achievements.

Trustees: see charity trustees.

Values: a set of principles, which a charity seeks to apply both in settings its mission and aims and in its day-to-day operations.

Vision: means the ideal towards which the charity is working.

Voluntary income: incoming resources provided to the charity for which the charity is not expected to provide anything in return. Voluntary income includes:

- gifts and donations;
- membership subscriptions that are primarily a donation in nature;
- legacies;
- grants of a general or core funding nature (but not grants requiring the provision of a particular charitable service);
- gifts in kind, donated facilities or services where these are included in the statutory accounts of the charity.

Year: the year for which the Summary is prepared. This is usually the same year for which the trustees' annual report and accounts have been prepared.