

# 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.

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. It is designed to provide information on all of the activities of the charity itself and its subsidiary undertakings reported within the group accounts. Grant makers should also use their consolidated accounts to explain how the aims, strategies and objectives of the funding relate to their 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

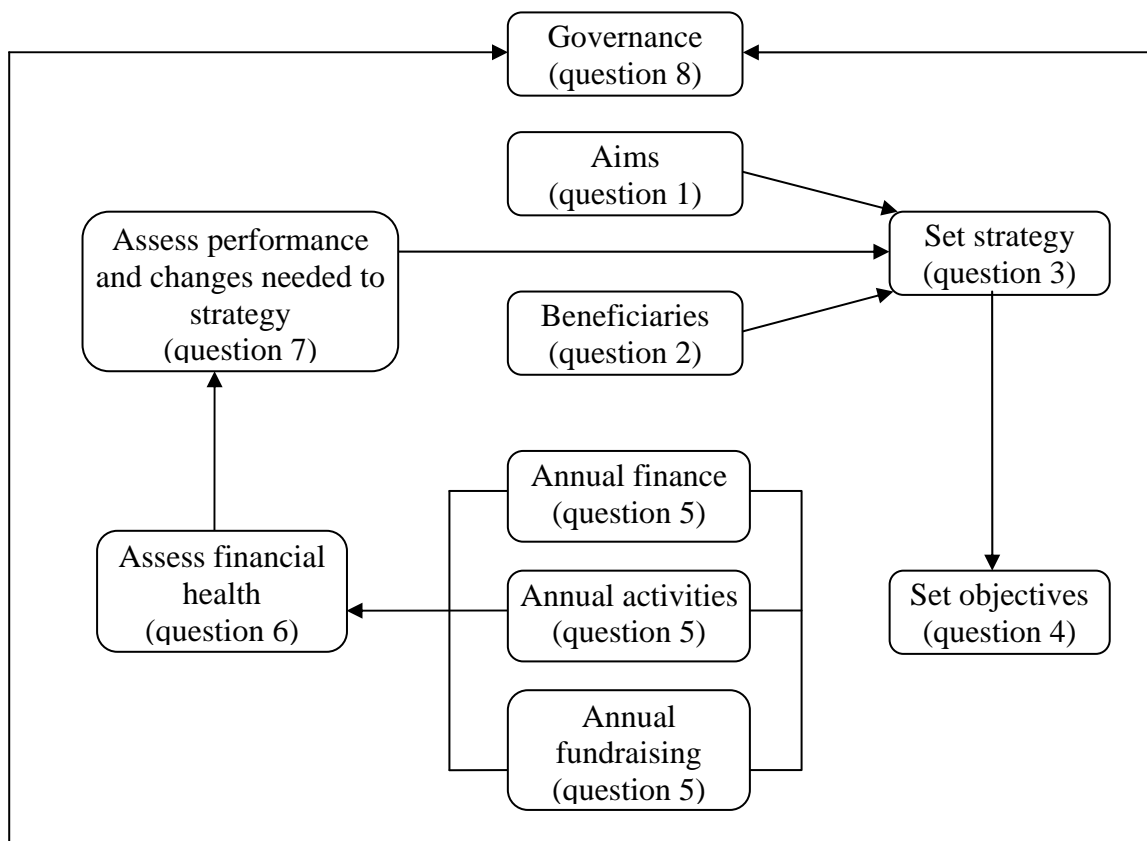
The information must:

- 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.

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**

### ***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?***

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?***

You should explain how your charity 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
- explain 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. Grant makers should assess their own strategies rather than those of the grant recipients.

## Question 4: Objectives and achievements

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

You should

(1) set out the charity's 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.

(2) 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 three main fundraising (**income generation**) activities in the year, and how much did each generate and cost?

Fundraising (**Income generation**) includes **both** activities (of the charity and its subsidiaries) designed to raise Voluntary Income **and** those which involve fundraising trading (see Activities for Generating Funds definition in the Glossary). These are two of the elements in the overall analysis of both income and expenditure.

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.

The costs of each activity should comprise both the direct and indirect costs in the year.

### 5b) Comments

This section provides a brief but important opportunity for you to explain the fundraising strategy illustrated in 5a), for example this could include discussion of the relationship between costs and income in the current year or you could set the fundraising strategy in a longer-term context.

If fundraising does not apply to your charity, or if it is only a minor contributor to overall funds, please use this section to comment on changes to the overall mix of funding categories represented in **total incoming resources**.

See also the comments section 5d) to continue your explanation in respect of costs.

***5 c): 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 definition of what comprises charitable activity is set out in the Glossary and is consistent with that used in the SORP.

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.

**5d):Comments**

You should explain the significance of the activities listed in 5c) in the context of your charity's objectives listed in answer to question 4 and in the context of all of the activities carried out by your charity.

**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 arise 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?***

You should explain how the assessment of your charity's performance in the year is used to inform its medium to long-term strategy.

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

You should 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

You should explain concisely how your charity seeks to ensure that appropriate governance arrangements are in place and any procedures adopted in reviewing such arrangements.

### 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

**Subsidiary undertaking:**

**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.