



Charity Banking **Spotlight**

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**Bi-annual
Report**

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Contents

- 2 Introduction
- 3 Banking spotlight report
- 4 The most popular banks
- 6 Banks by client cash
- 8 Banks used by the top 100 charities
- 9 Longevity of contracts
- 10 The value of charity cash
- 11 Top charities by cash
- 13 Needs define relationships

Produced by Slack Communications for Charity Financials

Introduction

Barclays is delighted to sponsor the Charity Banking Spotlight Report.

2016 has brought new challenges for charities to address: new regulations, financial pressures and changing donor behaviour to name but a few. In response to this, the charities and not-for-profit sector is embracing change and evolution, despite the challenging political and economic environment. There has been resilience within the sector and this is something we expect to continue through into 2017 and beyond.

We're also seeing the sector evolve to embrace mobile and contactless payments and we expect this to be a growth area over the coming years. Charities will continually need to reflect on their digital payment strategies so that they can benefit from donors who are choosing this as their preferred donation channel and focus on welcoming a younger demographic.

We hope this Spotlight Report will be a useful tool for you to benchmark your bank, complementing your charity's vision, strategy and tactical plans. Barclays remains committed to working with the charities and not-for-profit sector to make a real difference to people's lives.

Our dedicated Charities team is focused solely on providing banking services and solutions to charities across the UK. As part of this, we invest heavily in innovation and thought leadership to change the quality of the sector's overall offering for the better.



I hope you enjoy the report and welcome you to contact me with any questions you might have.

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Banking spotlight report

Barclays remains the most popular bank used by the top 5,000 charities with one in five using their services and by the top 100 charities by total income where one in three bank with Barclays. Other trends identified in this report include:

- Over half (51%) of charities have been with their bank for at least a decade
- Barclays and NatWest are the most popular charity banks with a 22% market share
- The cash held by the top 5,000 charities dropped slightly to £15.5bn down 1.7% on the previous year
- The charity with the most borrowing is Aston Student Villages with £169.5m
- HSBC have seen the biggest decrease in cash levels with a drop of £338.4m

Methodology

Charity Financials records the names of all the advisers employed to provide services to the top 5,000 charities. These include auditors, investment managers, banks and legal advisers, as well as any others mentioned within charities' annual financial statements.

By recording the names of the advisers listed by each charity every year we have identified when changes take place, the length of time the relationships exist for, and how often charities make such changes.

There are a total of 7,746 banking relationships recorded for the top 5,000 charities as any charity can have multiple banking service providers.

Background to the top 5,000 charities

To be included in Charity Financials' top 5,000 charities, an organisation must have either an annual income greater than £1.526m, annual expenditure greater than £1.548m, or total funds/net assets greater than £3.458m. Only one of these criteria needs to be met. Some organisations are excluded despite having charitable status, namely independent schools, universities and housing associations.

Those organisations which are included are a varied group, both in terms of size and activity. Some focus on local services while others are involved in complex international projects. Some exist to provide funding to other organisations. One thing they have in common is that they all need some form of banking service provider.

The most popular banks

Barclays continues as market-leader

Although there is very little between them, Barclays retains the top spot as the most popular bank used by the UK's largest charities. Of the top 5,000 charities in the UK (in financial terms), 4,628 (92.5%) disclosed which firm(s) they banked with. There are a total of 7,746 banking relationships recorded for the top 5,000 charities with over half (52%) employing 2 or more banks. The results show that Barclays now has 1,018 clients compared to 1,013 for NatWest. Whereas NatWest has consistently had over one thousand clients each year over the past five years, Barclays has grown its client base from 940 in 2011 to 1,018 in 2015 to become the most popular charity bank.

Among the new clients listing Barclays as their banking firm are Alexandra Palace and Park, St Joseph's Hospice in Hackney and the Wirral Autistic Society.

Meanwhile NatWest lost some clients in the year which enabled Barclays to take the top spot. Among them were the Cambridge Commonwealth, European and International Trust, and St John's Hospice North Lancashire, all of which now bank with Barclays.

Figure 1: Market share of the top 10 banks used by the top 5,000 charities

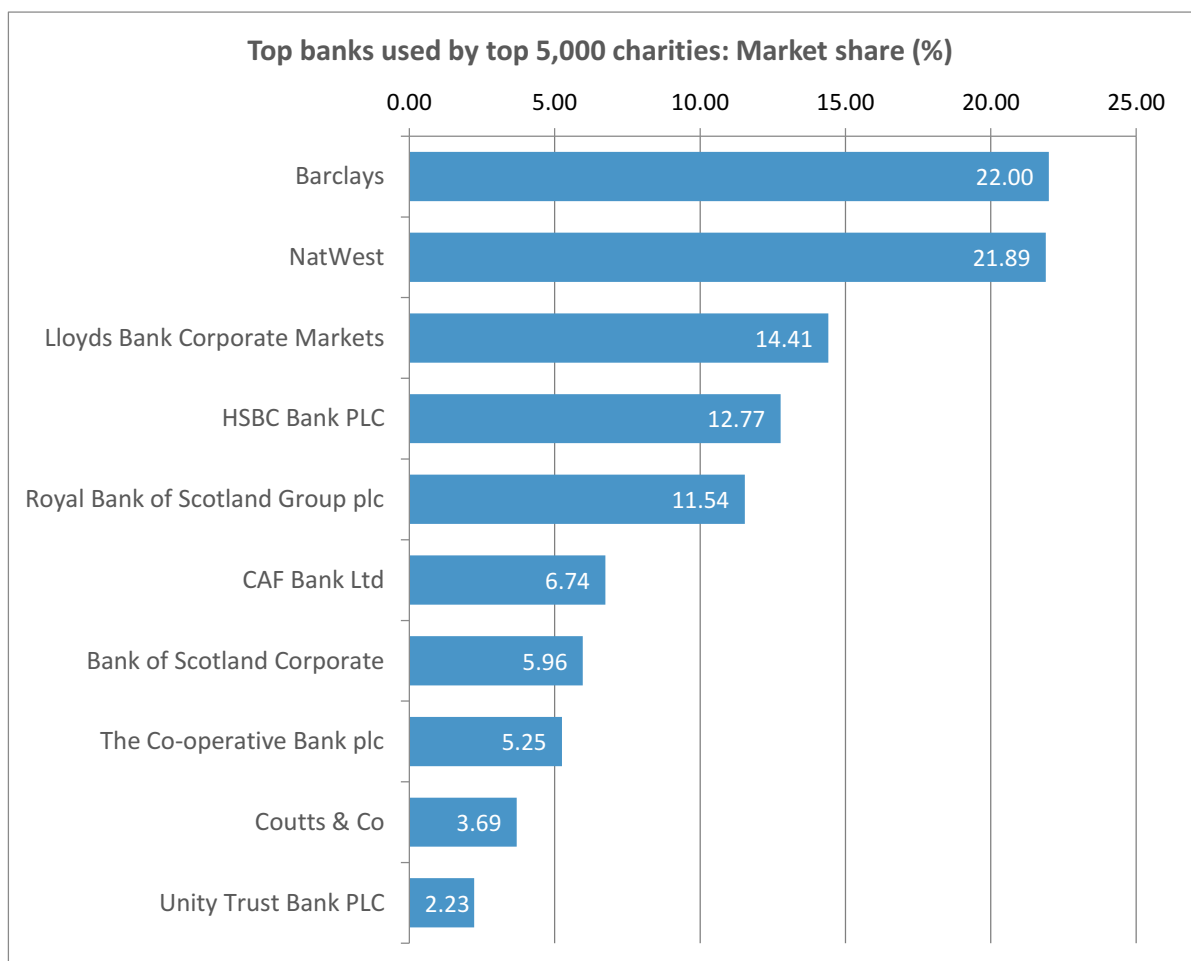


Figure 2: Top 25 banks used by the top 5,000 charities

Rank	Previous rank	Five year ranking movement	Bank	Number of clients					Change in clients 2015-	
				2015	2014	2013	2012	2011	2011	2015
1	2	1	Barclays	1,018	1,011	981	956	940	78	
2	1	-1	NatWest	1,013	1,020	1,024	1,019	1,022	-9	
3	3	0	Lloyds Bank Corporate Markets	667	676	686	676	672	-5	
4	4	0	HSBC Bank PLC	591	601	595	585	581	10	
5	5	0	Royal Bank of Scotland Group plc	534	510	500	488	501	33	
6	6	0	CAF Bank Ltd	312	297	270	273	261	51	
7	7	1	Bank of Scotland Corporate	276	268	235	244	242	34	
8	8	-1	The Co-operative Bank plc	243	266	282	268	257	-14	
9	9	0	Coutts & Co	171	177	172	169	163	8	
10	10	0	Unity Trust Bank PLC	103	100	99	88	81	22	
11	11	0	Clydesdale Bank PLC	92	87	73	72	65	27	
12	12	1	Santander UK PLC	86	81	80	65	52	34	
13	13	1	C Hoare & Co	66	59	55	50	46	20	
14	14	-2	Allied Irish Bank (GB)	50	52	51	49	60	-10	
15	16	5	Scottish Widows Bank PLC	49	48	44	36	20	29	
16	18	1	Triodos Bank	48	40	34	31	29	19	
17	14	4	CCLA	44	52	49	39	19	25	
17	17	-2	Yorkshire Bank PLC	44	45	43	41	40	4	
19	19	-1	Child & Co	23	24	24	25	25	-2	
20	24	43	Lloyds TSB	19	10	8	2	1	18	
21	20	-2	Bank of Ireland	16	20	20	23	23	-7	
22	21	-6	Cater Allen Private Bank	14	13	20	30	34	-20	
22	21	16	Close Brothers Limited	14	13	10	6	4	10	
24	24	20	Citibank	13	10	10	7	3	10	
24	24	28	Svenska Handelsbanken AB (publ)	13	10	9	5	2	11	

Barclays' success is highlighted in figure 2 which examines the number of clients they had in 2011 compared to the number they currently have. With an increase of 78 clients they have seen substantial growth in their client base. However, despite Barclays' long-term success, the biggest annual net increase of clients was at the Royal Bank of Scotland, up 24 thanks to the addition of charities like the General Medical Council, Hanover (Scotland) and the Ex-Services Mental Welfare Society. There was also a strong performance from CAF Bank, up 15 with the acquisition of the Manchester Home for Lost Dogs, the Asfari Foundation, and the Media Trust.

Figure 3: Biggest net client increases

Total clients rank	Bank	Number of clients	Net Change
5	Royal Bank of Scotland Group plc	534	24
6	CAF Bank Ltd	312	15
20	Lloyds TSB	19	9
7	Bank of Scotland Corporate	276	8
16	Triodos Bank	48	8

The Co-operative Bank has lost the most clients since last year, down by 23. Its losses include the Lifeline Project, Trinity Hospice, and the Quality Assurance Agency for Higher Education.

Figure 4: Biggest net client decreases

Total clients Rank	Bank	Number of clients	Net change
8	The Co-operative Bank plc	243	-23
4	HSBC Bank PLC	591	-10
3	Lloyds Bank Corporate Markets	667	-9
17	CCLA	44	-8
2	NatWest	1013	-7

In total, 80 banks are used by the top 5,000 charities down six from the 86 reported a year ago, and the top ten banks provide services for 4,263 of them.

Banks by client cash

Barclays' cash levels increase by £136.4m

Figure 5 shows which banks hold the most cash on behalf of the top 5,000 charities. Where any charity uses more than one bank, the value of the cash has been divided equally between each banking organisation.

The biggest increase in cash held over the past year was at Barclays, up £136.387m an increase of 5.1%, followed by Lloyds which added £122.631m. At the other end of the scale HSBC decreased their cash levels by £338.419m and NatWest dropped £162.7m. These fluctuations are caused by gaining or losing clients which hold significant amounts of current asset cash, but they may also be down to annual movements in the amounts of cash held by existing clients.

Figure 5: Top 10 banks by charity cash held (£m)

Bank	Client cash 2015 (£m)	Client cash 2014 (£m)	Client cash 2013 (£m)	Client cash 2012 (£m)	Client cash 2011 (£m)
NatWest	3,186.372	3,349.078	3,410.443	3,014.539	2,216.995
Barclays	2,797.084	2,660.514	2,394.301	2,106.298	2,151.931
HSBC Bank PLC	1,812.800	2,151.218	1,858.573	1,685.997	2,262.122
Lloyds Bank Corporate Markets	1,649.196	1,526.565	1,499.124	1,361.674	1,391.089
Royal Bank of Scotland Group plc	1,243.888	1,138.508	1,195.316	1,253.918	1,268.008
Coutts & Co	569.943	649.619	528.348	552.227	457.410
Bank of Scotland Corporate	502.024	459.717	427.732	413.975	475.891
The Co-operative Bank plc	404.181	458.436	532.032	649.504	504.408
Child & Co	308.738	338.758	204.518	114.493	52.135
CAF Bank Ltd	238.031	238.867	225.990	216.531	206.041

Figure 6 shows the largest charities which made a change to their banking provision in their most recent accounts, ranked by the amount of cash they hold.

Figure 6: Largest charities (by cash) to appoint a new bank in the most recent year

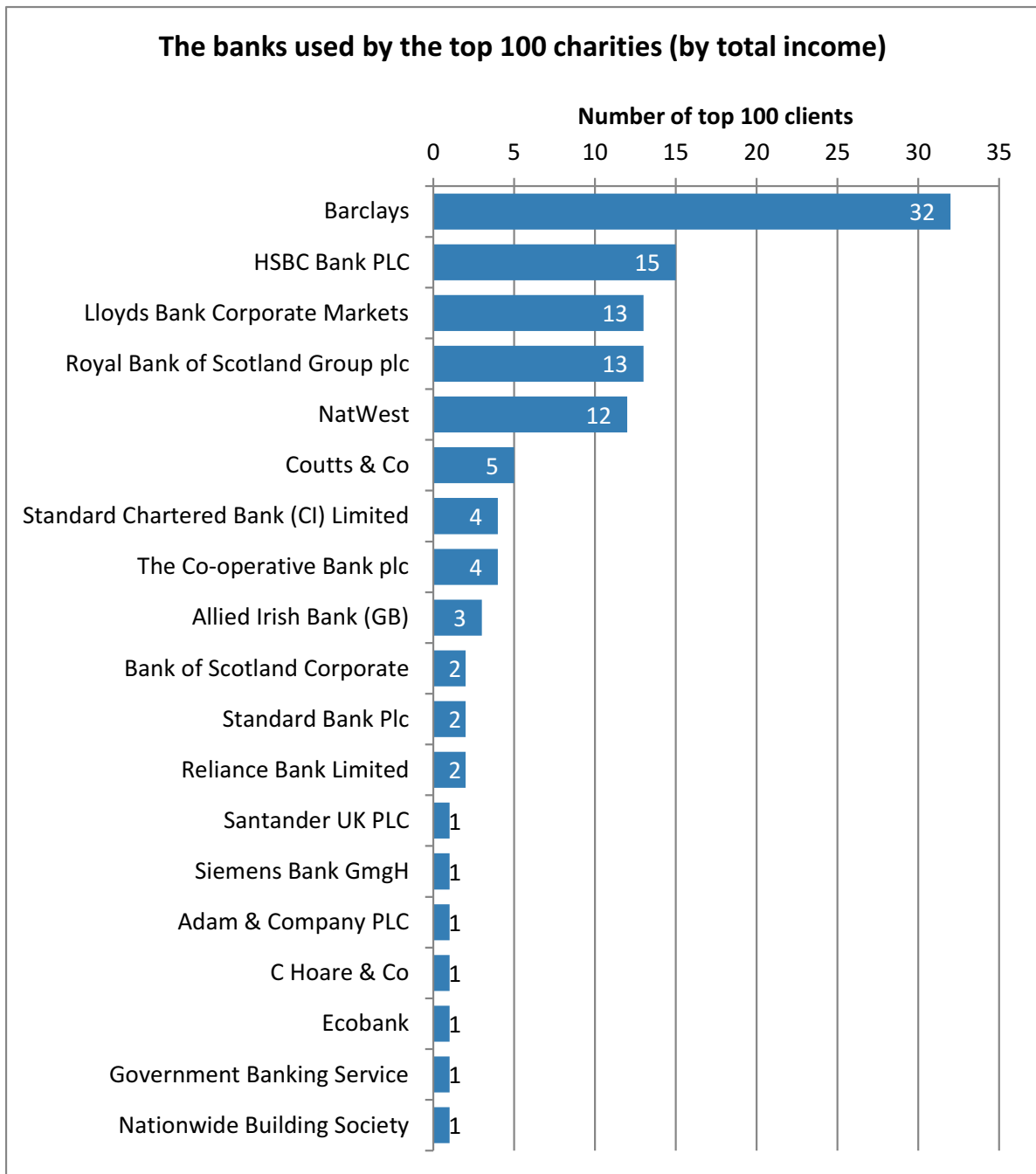
Organisation	Cash at bank or in hand (£m)	New bank	Other banks currently used and years in contract ()	Banks no longer used
British Library	42.683	Government Banking Service	Barclays (2); Lloyds Bank Corporate Markets (10)	-
General Medical Council	25.333	Royal Bank of Scotland Group plc	-	NatWest
University College London Hospitals Charity	22.725	Handelsbanken	Coutts & Co (6)	-
London Marathon Charitable Trust Limited	22.616	NatWest	Santander UK PLC (7)	-
Forster Foundation CIO	21.829	Rothschild	-	-
Design Museum, The	21.764	Barclays	NatWest (7)	-
Soka Gakkai International UK	20.546	Lloyds Bank Corporate Markets	Barclays (11); Investec Bank (UK) Limited (8); NatWest (8)	-
Skills for Care	19.045	HSBC Bank PLC	Barclays (4); Lloyds Bank Corporate Markets (7); Nationwide Building Society (1); Royal Bank of Scotland Group plc (6); Santander UK PLC (5); The Co-operative Bank plc (4); Unity Trust Bank PLC (5); Yorkshire Bank PLC (3)	-
Diabetes UK	18.76	Barclays	NatWest (10)	-
Associated Board of the Royal Schools of Music	15.919	Lloyds TSB	Barclays (13); Lloyds TSB (1); Santander UK PLC (2)	-

Banks used by the top 100 charities

32 of the top 100 charities are with Barclays

Isolating the top 100 charities by income, Barclays are comfortably the most popular bank used by this group with an impressive 32 clients. The second most popular is HSBC with 15 clients, followed by RBS and Lloyds with 13 each. In total there were 114 charity/ bank relationships recorded for the top 100 charities.

Figure 7: Banks used by the top 100 charities



Longevity of contracts

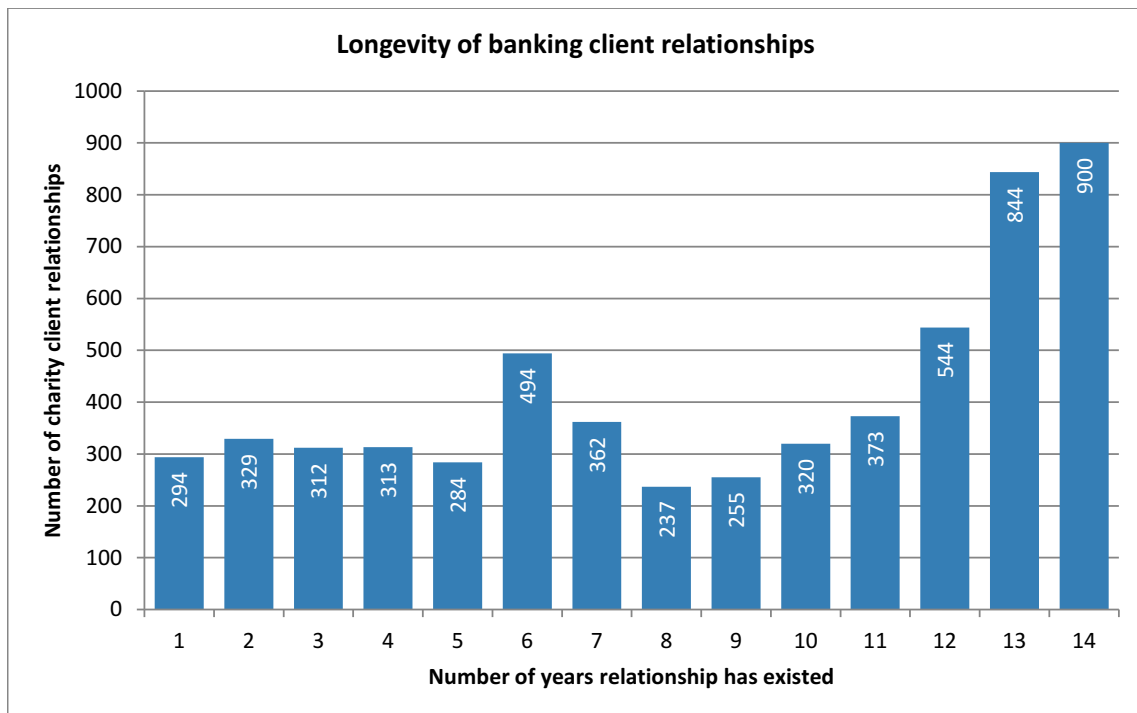
Over half of the charities have been with their bank for a decade or more

The Charity Financials database holds data on the banks used by charities for each year over the past 14 years. Figure 8 shows that 15% (900) of client relationships have existed over the whole period, with just over half (51%), lasting a decade or more. It is generally good practice for charities to assess their advisers every four to five years to ensure they get the best from the relationship. Compared to other adviser groups, particularly Auditors and Investment Managers, charity client relationships with banks last longer than those providing other services.

(Please note that for those charities with very few years in their current relationship, this could be because they are new organisations rather than because they have switched from one bank to another.)

Notable charities which have been with their bank for at least 14 years are Oxfam GB, (which is with RBS), the British Heart Foundation (Barclays), and the International Planned Parenthood Federation (Barclays).

Figure 8: Longevity of current charity/bank relationships

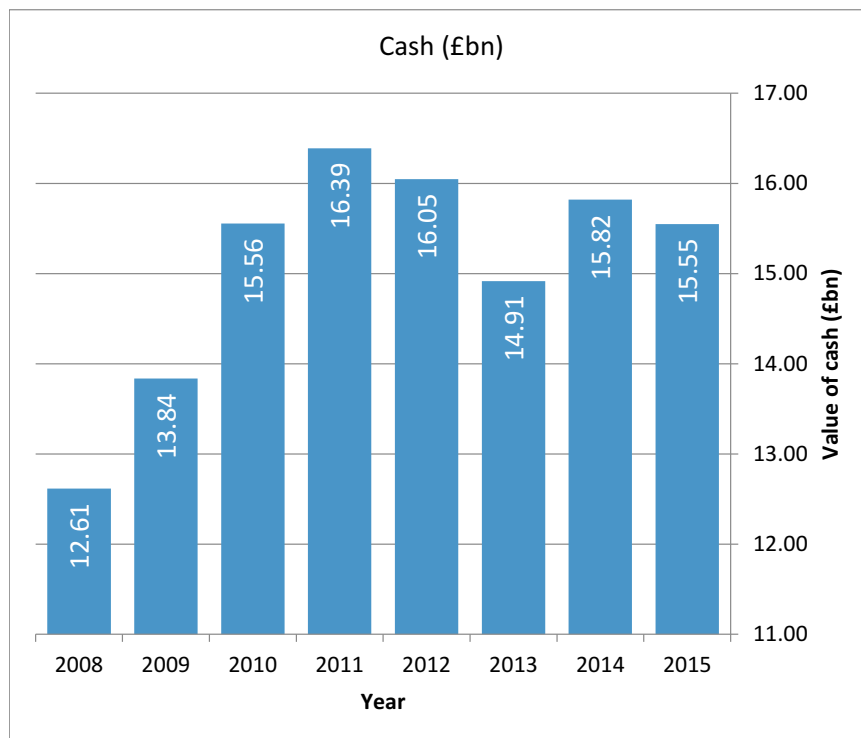


The value of charity cash

Collectively the top 5,000 charities hold current cash assets worth £15.5bn. Between 2008 and 2011 cash levels increased from £12.6bn to £16.4bn but have since dropped again to the current level of £15.5bn (see figure 7).

The cash referred to in this section is exclusive of the cash contained within fixed assets, which is earmarked for investment purposes.

Figure 9: Total cash held by the top 5,000 charities (£bn)



Top charities by cash

The Wellcome Trust is the sector's biggest cash holder

Figure 10 shows the top 25 charities by cash held along with the banks they use and the number of years the relationship has existed for according to our database. The charity with highest value of total cash is the Wellcome Trust followed by Charities Aid Foundation and the International Finance Facility for Immunisation. When we just consider cash in bank or in hand, the Charities Aid Foundation is the leader by a significant margin.

Figure 10: The charity sector's largest cash holders

Charity	YrEnd	Fixed Cash (£m)	Cash at bank or in hand (£m)	Total Cash (£m)	Banks
Wellcome Trust	30/09/2015	875.1	59.8	934.9	HSBC Bank PLC (14)
Charities Aid Foundation	30/04/2015	28.108	736.769	764.877	NatWest (4)
International Finance Facility for Immunisation Company	31/12/2015	0	668.076	668.076	-
Church Commissioners for England	31/12/2015	0	391.6	391.6	NatWest (7)
Children's Investment Fund Foundation	31/08/2015	0	327.897	327.897	HSBC Bank PLC (7)
Gatsby Charitable Foundation	05/04/2015	0	215.491	215.491	Child & Co (7)
British Council	31/03/2015	0	157.712	157.712	HSBC Bank PLC (10)
Salvation Army Trust	31/03/2015	0	133.042	133.042	Reliance Bank Limited (13)
Peabody Trust	31/03/2015	0	114.017	114.017	Coutts & Co (9)
Nesta	31/03/2015	0	101.745	101.745	Lloyds Bank Corporate Markets (3)
Royal British Legion	30/09/2015	0	101.712	101.712	Lloyds Bank Corporate Markets (10)
National Trust	28/02/2015	47.926	48.743	96.669	Barclays (12)
Jisc	31/07/2015	0	93.655	93.655	Lloyds Bank Corporate Markets (3)
British Heart Foundation	31/03/2015	3.5	87.2	90.7	Barclays (14)
Oxfam GB	31/03/2015	2.5	85.9	88.4	Royal Bank of Scotland Group plc (14)
General Medical Council	31/12/2014	60	25.333	85.333	Royal Bank of Scotland Group plc (1)
Save the Children	31/12/2014	1.558	80.603	82.161	NatWest (6)
City and Guilds of London Institute	31/08/2015	0	80.595	80.595	Royal Bank of Scotland Group plc (14)
Nursing & Midwifery Council	31/03/2015	0	76.662	76.662	HSBC Bank PLC (11)
Marie Stopes International	31/12/2015	1.152	72.588	73.74	Barclays (12); Standard Chartered Bank (CI) Limited (6)
Cancer Research UK	31/03/2015	7.6	61.7	69.3	-
Save the Children International	31/12/2014	0	68.908	68.908	Barclays (6); Ecobank (3); Standard Bank Plc (3); Standard Chartered Bank (CI) Limited (5)
Monument Trust	05/04/2015	5	58.841	63.841	Child & Co (6)
Leverhulme Trust	31/12/2015	44.624	19.083	63.707	Barclays (14)
BHP Billiton	30/06/2015	0	63.263	63.263	Bank of America (6)

Figure 11 shows the charities with the most bank loans, mortgages and overdrafts. At the top of the list is Aston Student Villages with £169.5m, a figure that has increased from £98.2m in 2010.

Figure 11: Top charity borrowers

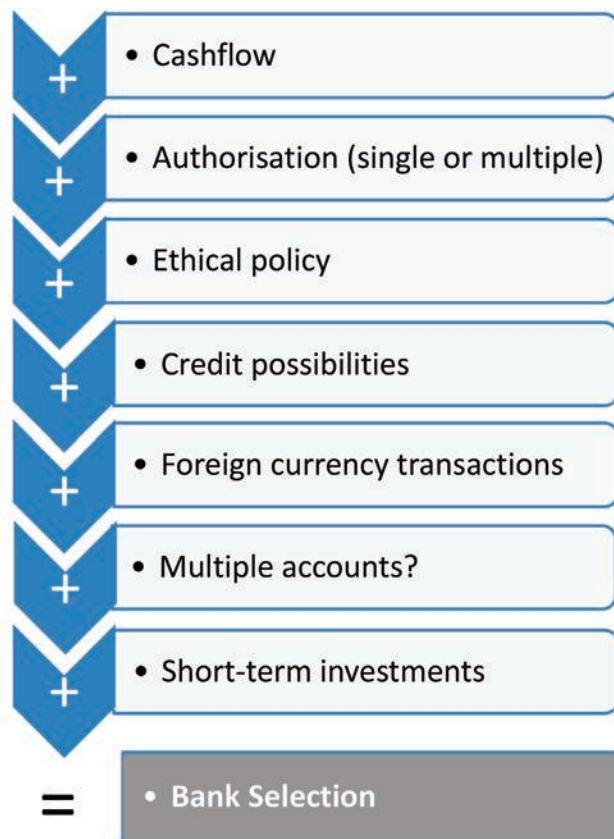
Charity	YrEnd	Bank borrowings (£m)	Net assets (£m)	Total income (£m)
Aston Student Villages	31-Jul-14	169.492	-13.544	16.678
Nuffield Health	31-Dec-15	154.500	101.900	767.600
Methodist Homes	31-Mar-15	97.545	235.752	179.826
A W Charitable Trust	30-Jun-15	96.747	123.907	12.826
ExtraCare Charitable Trust	31-Mar-15	75.500	45.731	56.638
Helping Foundation	30-Dec-14	66.318	115.672	29.037
4 Charity Foundation	31-Mar-15	66.155	27.611	7.864
Dundee Student Villages	31-Jul-15	56.802	-11.999	6.753
Glasgow Student Villages Limited	31-Mar-15	56.201	0.665	15.089
ACT Foundation	31-Mar-15	55.500	80.400	19.411
Elim Foursquare Gospel Alliance	30-Sep-15	52.535	136.623	65.334
St Andrew's Healthcare	31-Mar-15	47.600	227.200	190.900
Shlomo Memorial Fund Limited	30-Sep-15	43.401	53.546	8.857
Royal College of General Practitioners	31-Mar-15	35.625	49.425	41.883
Milton Keynes Parks Trust Limited	31-Mar-15	32.000	95.706	9.594
LGS General Charitable Trust	31-Aug-15	31.610	0.152	3.854
Trustees of the London Clinic Limited	31-Dec-15	30.000	190.896	141.793
Rachel Charitable Trust	30-Jun-15	27.803	5.048	4.596
YHA (England and Wales) Ltd	28-Feb-15	26.805	42.905	48.018
Christ's Hospital Foundation	31-Aug-15	26.000	361.184	23.049
BEN - Motor & Allied Trades Benevolent Fund	31-Mar-15	24.392	22.292	13.462
Goodenough College	31-Mar-15	23.572	159.522	9.193
Salvation Army Trust	31-Mar-15	22.750	556.024	194.248
Royal Mencap Society	31-Mar-15	21.406	49.560	191.651
Safe Haven London	31-Jan-15	21.390	15.045	4.039

Needs define relationships

The Wellcome Trust is the sector's biggest cash holder

All charitable organisations need a deposit or current account to hold the cash necessary for day-to-day operations. The top 5,000 are such a varied group that the range of banking needs will vary tremendously. These needs will determine which bank will be used, following an examination of the services each bank provides. Smaller organisation may only require a current account, whereas larger organisations with global operations will have many other requirements.

Figure 12: Factors influencing bank selection



It is good practice for charities to regularly review their banking arrangements to ensure they are getting the best service at competitive rates. If a charity is unhappy with its bank and believes it may get a better deal elsewhere, this should be investigated to ensure the organisation is maximising the potential of its income. Switching banks is no longer as complex or laborious as it used to be thanks to modern banking facilities which have removed the need to complete lots of paperwork.

Please click the following links for details of the services the most popular banks offer to charities.

[Barclays](#)

[NatWest](#)

[Lloyds](#)

[HSBC](#)

[Royal Bank of Scotland](#)

[Co-operative Bank](#)

[CAF Bank](#)

[Bank of Scotland](#)

[Coutts & Co](#)

[Unity Trust](#)

New Charity Benchmarking Reports

Charity Benchmarking Reports are designed to save you time preparing your performance strategy so you can effectively compare your financial performance against your peers. Just choose up to 10 of your peers within the top 5000 UK charities and we'll:

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