

Press Release**Date: 10th August****Impetus-PEF, the UK pioneer in venture philanthropy, calls for collaborative effort across charity sector and Government to raise the bar on resource management and governance standards**

In the wake of the closure of both the Kids Company and British Association for Adoption and Fostering (BAAF) charities within one week of each other, Impetus-PEF, the UK pioneer in venture philanthropy, is calling for the charity sector to work together with Government and other funders to raise the bar on charity management and governance.

Impetus-PEF Chief Executive, Julia Grant said she was saddened to see the closure of two charities which shared common goals with Impetus-PEF in respect of the welfare and wellbeing of children and young people, and felt it was crucial for the charity sector and Government to work together to minimise any repeat situation that could have a similarly profound impact on the lives of disadvantaged young people:

Julia admitted that sometimes leadership has to make tough choices: "The dual pressures of growing demand for services and a tougher environment for raising funds and obtaining grants mean high-growth charities may become victims of early success, because they fail to build in the impact disciplines and funding streams to sustain and finance high quality service.

"In particular, Impetus-PEF believe that funders need a fresh view of leadership, looking beyond the value of opening doors and bringing in big cheques to understanding what really drives sustainable impact and growth.

"The Kids Company and BAAF cases are hard to swallow for all involved and sadly, for the children and young people who will no longer benefit from these charities' assistance. So we need to work hard as a sector to learn from these charities' stories and collectively encourage a shift in our approach to charity management and funding that will ultimately benefit all stakeholders."

"As a charity ourselves that helps high-potential charities and social enterprises to become stronger and more effective organisations, so they deliver better outcomes for young people, we are well versed in the requirements for sustainable growth. Our funding model and methodology ensures our partner charities move carefully and purposefully through different stages of their growth and development, and we put specific emphasis on continuously improving a charity's strategy & planning, resource management and governance, to ensure greater impact.

"Our funding decisions are based around key investment criteria, which we firmly believe could be a benchmark guide for any philanthropic donations by Government, grant-making organisations and private individuals.

"Drawing on our own experience, Impetus-PEF has the following advice to offer funders:"

Leadership and Capability: How accountable is the charity's leadership team? And how open are they to learning and development? The leadership team needs to be open to and focused on doing what it takes to ensure that their programme is delivering meaningful, sustained outcomes for its beneficiaries.

Impact focus: Why does the charity exist and whom does it aim to serve? How well is it serving them, and what specific actions can be taken to help the charity do even more for its beneficiaries and other stakeholders?

Performance Management: Is the charity tracking, recording and managing impact? And if not, are they open to doing so more effectively? Setting short, medium and long term outcomes, to which the organisation holds itself accountable, is essential.

Strategy & Planning, Resource Management and Governance: How cohesive are the charity's governance, systems, controls and management? And how robust are the charity's financial reserves? The stronger and more unified these can be, the more resilient the organisation as a whole will be. It is vital to balance immediate service demands with long-term sustainability.

Balance of Funding: How balanced are the charity's funding streams? And how much influence do their funders have? An over-reliance on one stream of funding above another provides no safeguarding against the sudden removal of this funding and financial instability. It is also important to ensure some funding is preserved to develop the charity's capability as well as funding delivery of services.

Just as charity begins at home, so does the application of this advice at Impetus-PEF itself. A strong emphasis on governance, with leading professionals from the charitable, education and investment sectors as Trustees and Advisors; disciplined financial management, with a healthy balance sheet; and thorough tracking of how and where our donors' money is spent, makes our operating model very rigorous.

Since inception in 2002 to 31 December 2014, Impetus-PEF has provided £69 million of resources for charities and social enterprises, consisting of long term unrestricted funding, management support and pro bono services.

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Notes to Editors

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Impetus-PEF (Impetus – The Private Equity Foundation) transforms the lives of young people from disadvantaged backgrounds by ensuring they get the support they need to succeed in education and employment. It does this by partnering with the most promising charities and social enterprises which serve young people, providing them with a combination of long-term core funding and sustained management support. Impetus-PEF currently works with more than 20 charity partners, which in turn reach over 50,000 young people from disadvantaged backgrounds. For more information, please visit www.impetus-pef.org.uk or call 020 3474 1007.

Information on leveraged funding

Through deploying high-calibre, pro bono experts in the portfolio charities and through partnership investment, Impetus-PEF adds value on top of our cash investment. Impetus-PEF calculates its leveraged funding on a ratio of 2.74.