



Finance

of the Future

How can finance get fit for the future – a transformation to thrive

Charity Finance Group

29 June 2023



Polycrisis
“The simultaneous
occurrence of several
catastrophic events”

<https://www.collinsdictionary.com/dictionary/english/polycrisis>

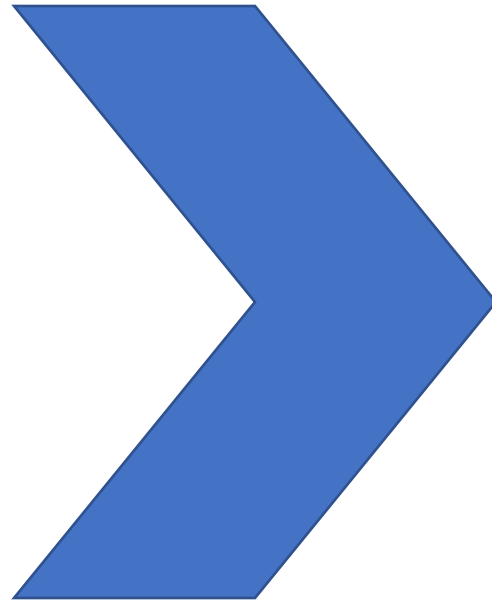
Environment



How are Finance dealing with these challenges?

Challenges

- Emerging and overlapping crises
- More frequent and less predictable natural disasters
- Volatile economic circumstances
- Political fragmentation
- Declining General Fund giving
- Decreasing reserves



FROM

Event triggered

Exception-based

Drivers

Scenarios

Forward looking

Forecast

Decision analysis

Multi-channel/mobile

Decision-centric

Vision for change in Finance



Strategy 2030

A 10-year organisational strategy for British Red Cross to **focus on three urgent humanitarian issues, where we can make a real difference:**

- Disasters and emergencies
- Health inequalities
- Displacement and migration.



Fit for the Future

An organisation-wide transformation to get the **ways we work, where we work, technology we use, and culture we experience** *Fit for the Future* – for the rapidly changing world that our service users are experiencing.

This will empower our people to deliver our goals as set out in Strategy 2030.

'Create the organisation we need to deliver the strategy.'

Internal Services Transformation

Internal Services will progress through several stages on our journey with **exciting opportunities and difficult choices** along the way. We will see changes across all areas of our work.

- Empowering our people.
- Making things simpler and more joined up.
- Making good use technology
- Developing our expertise and capacity.
- Making our properties work hard for us.

Finance Transformation

The New Future: **Humanitarian Finance:**

- Our people thrive.
- Our people and our work are valued.
- Our customers find taking action easy.
- Our finances are stewarded simply and for maximum impact.
- Our work visibly contributes to helping people in crisis.
- Our approach is responsive, insightful and solution-orientated.

A finance function **where individuals feel valued**



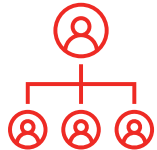
Attract & Retain Staff

- Investing in our people
- Developing our people



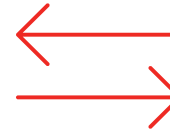
Empowered Teams

- Clearly defined responsibilities including specialist knowledge areas
- Encouraging innovation and new ideas



Career Progression Opportunities

- Ensuring that career development opportunities are available at all levels of Finance and encouraging these conversations with line-managers



A More Resilient Workforce

- Cross-functional learning opportunities
- Standardising systems and approaches



A Connected Finance Community

- Removing siloed ways-of-working
- Ensuring that communication is at the heart of how we work across multiple teams



A More Skilled Workforce

- Improving development opportunities and investing in training

**Match income with
expenditure**

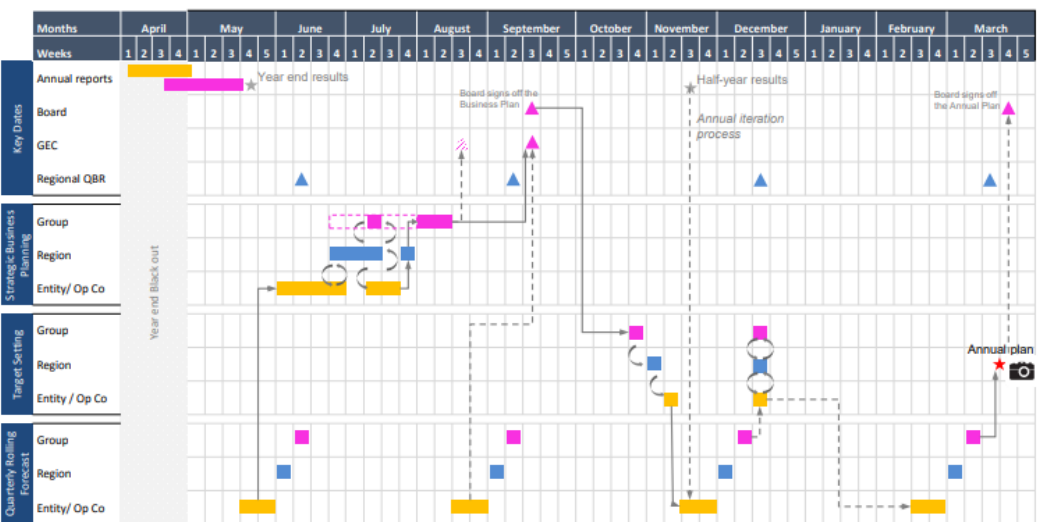
**Empowering
and flexible
governance**

**Roughly right,
rather than
precisely
wrong**

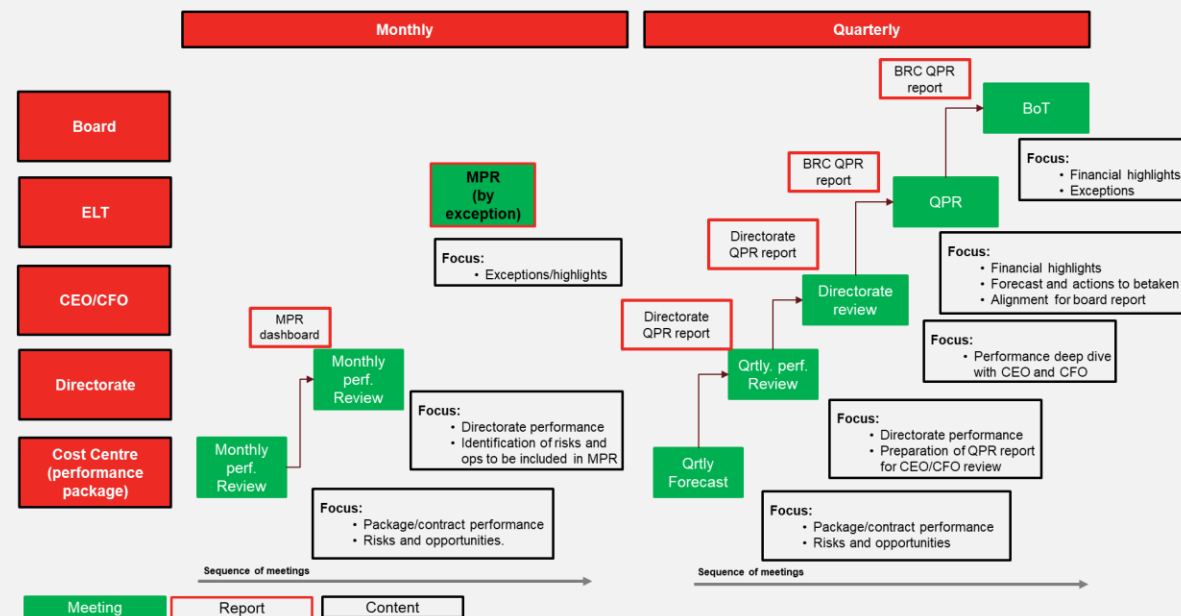
**Doing more
with less**

Empowering and flexible governance

Integrated Planning Architecture (IPA) Framework

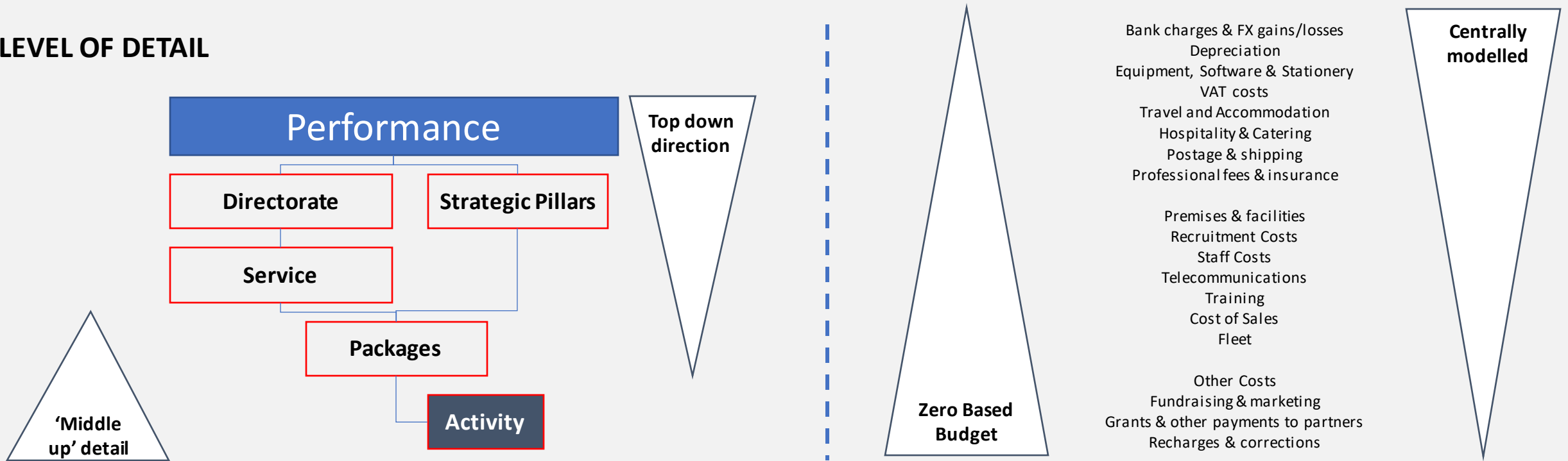


Financial Performance Management Framework Overview

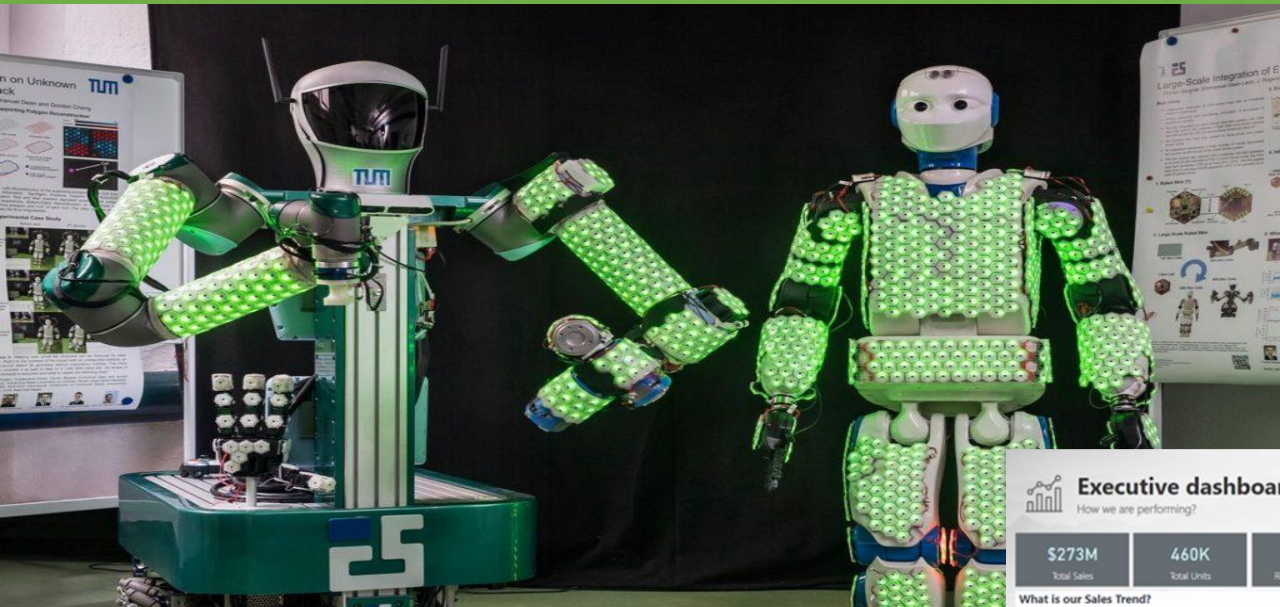


Roughly right, rather than precisely wrong

LEVEL OF DETAIL

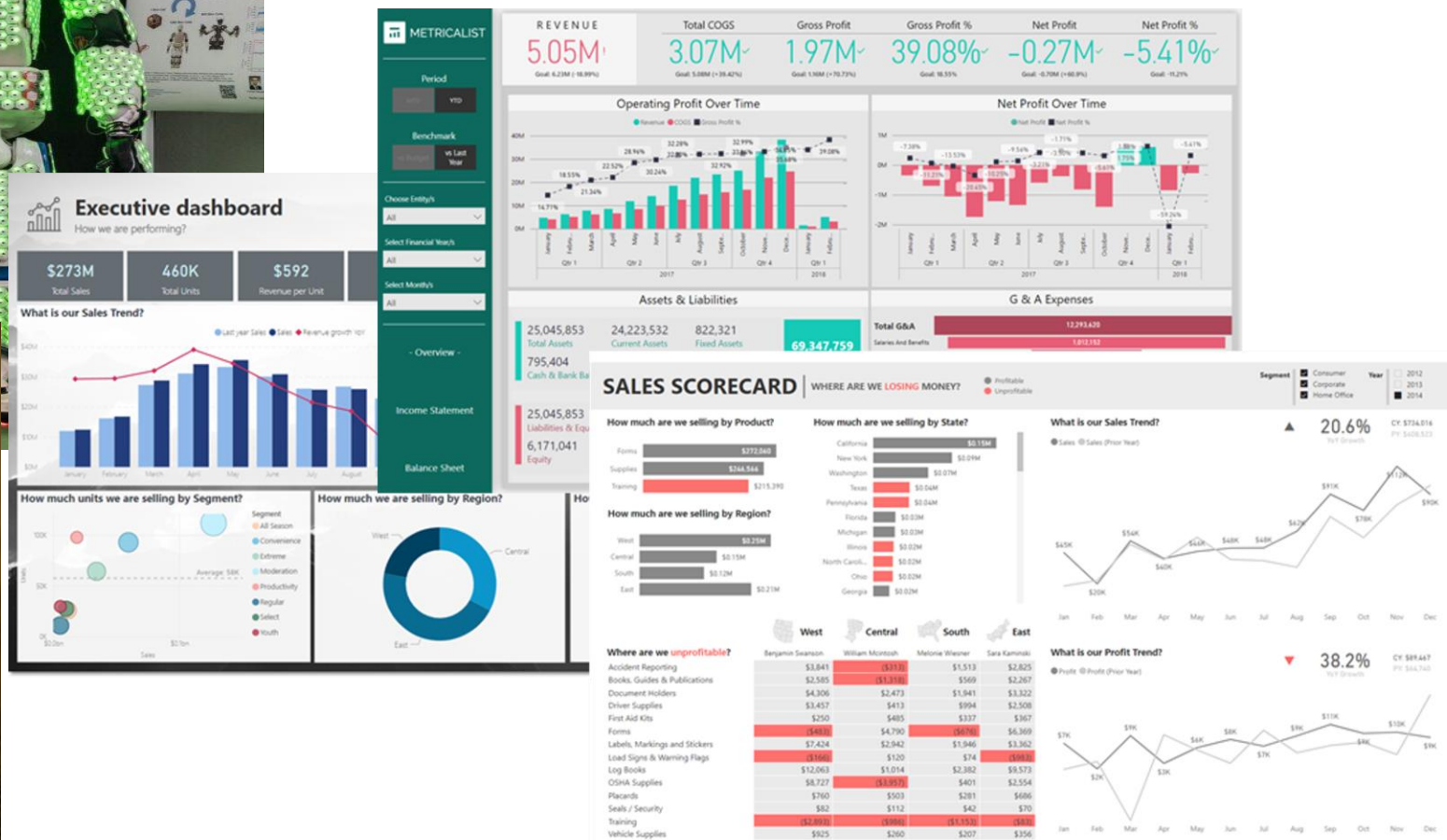


Doing more with less

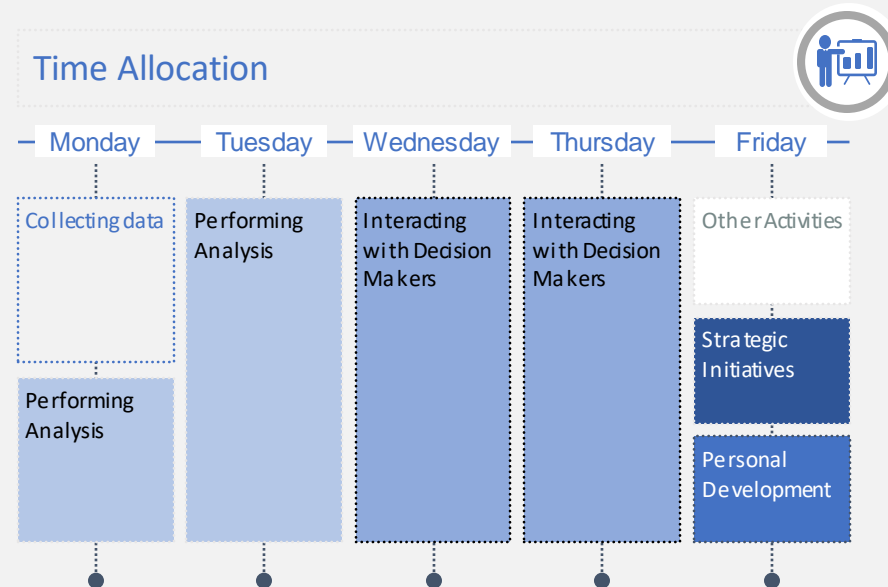
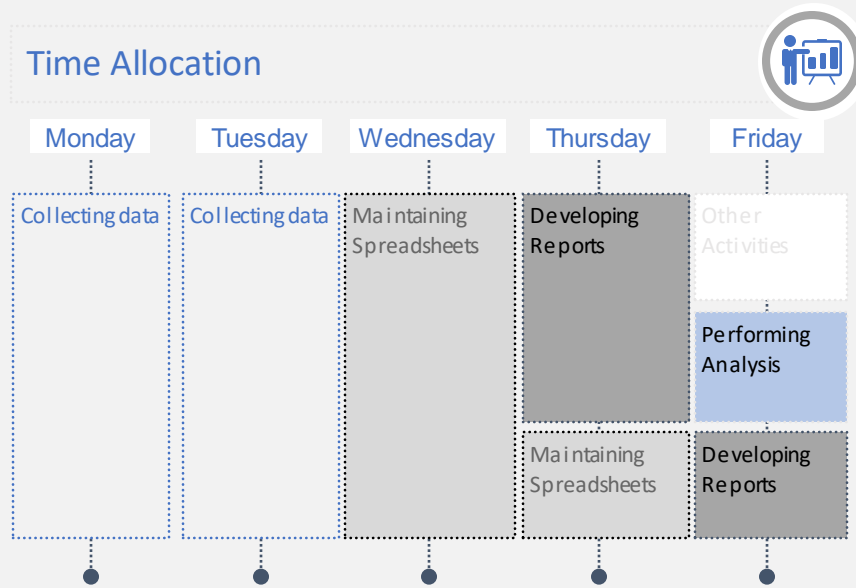


ESDA

Eliminate, Simplify, Digitise and Automate



Doing more with less



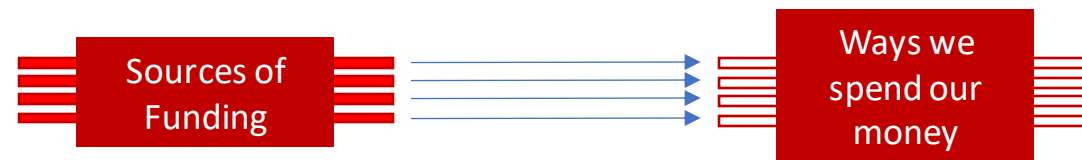
Match income with expenditure

Running a charity is more complicated than running a commercial business:

- For profit: I find my consumer need and the customer pays
- NFP: I find my consumer need...and someone else pays

The more chance our Fundraising Team have of understanding the needs of our Frontline Teams, the better chance we have of raising the money we are looking for in the most effective way – hence, developing a Funding Model

A Funding model aligns our sources of non-Emergency* income with our channels of expenditure in a logical way that helps Fundraising, Finance and the Frontline teams.



*The core principle and focus here is on our long-term strategic work

Match income with expenditure

Region	Description	Costs (£)			Pillars			Funding (£)											
		Direct cost	Allocation	Total	D&E	HI	D&M												
UK	Package 1				█		█	█											
UK	Package 2		②			█	█	█											
UK	Package 3							█											
UK	Package 4	①			█		█	█											
UK	Package 5						█	█											
UK	Package 6							█											
UK	Package 7							█											
Int'l	Package 8							█											
Int'l	Package 9							█											
Int'l	Package 10							█											
Int'l	Package 11							█											
Int'l	Package 12							█											
Int'l	Package 13							█											
		80	70	150															

Packages

①

Cost allocation model

②

Strategic prioritisation

③

Frequent forecasting

④

Flexible Fundraising pipeline

⑤



QUESTIONS?

