



**For immediate release**

## **Charities must learn from Icelandic bank collapse, says CCLA chief**

**22 April 2009:** Many charity trustees need to review their cash management arrangements urgently in the wake of today's Budget, the head of the UK's largest charity investment manager has warned.

The Treasury Committee's first Report in a series on the Banking Crisis, released earlier this month, recommended that all charities should be compensated for losses incurred as a result of the collapse of the Icelandic banking system. The Chancellor failed to commit to this, however, in today's Budget announcement.

Michael Quicke, chief executive of CCLA, said: "The Chancellor's decision not to refer to the Treasury Committee's recommendation in today's Budget will leave many charities in a continuing state of uncertainty. But it is clear that, even if a future announcement is made, this will be a one-off concession, making it even less likely that charities can rely on compensation schemes if they take these risks in the future."

One of the fundamental obligations of trustees is to safeguard their charities' assets for current and future beneficiaries. But the pressure to generate short term income has tempted some, knowingly or otherwise, to put their cash at risk in pursuit of the highest interest rates.

"Most charities don't have the time or expertise to manage all the risks, and most are not large enough to control those risks by using many different banks," said Quicke. But he added: "It is possible to get competitive rates of interest without losing the focus on security."

He offered the following three action points for trustees:

“Don't over-commit to any one bank. Your cash flow projections might say you can lock up deposits for many months, but banks have got into trouble in less time than that.

If you are not big enough to spread your cash reserves across a number of banks and keep them under review, use a pooled deposit fund that does this for you.

Finally, keep a record of trustee discussions and decisions on cash management policy. If something does go wrong, this will help you to demonstrate that you were unlucky rather than careless.”

## **Ends**

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## **Notes to editors**

1. CCLA is the leading manager of UK charity investments by assets under management\*. It provides the widest range of common funds designed specifically for the charity market and looks after more charity clients than any other UK investment manager.

2. CCLA continues to pioneer ethical and responsible investment and is committed to working with its clients and the sector to push forward a positive agenda for change.

3. CCLA's COIF Charities Deposit Fund is available to any charity registered in the UK. The Deposit Fund is rated AAA/V1 by Fitch Ratings and has free BACs transfers. Note: CCLA also has a separate deposit fund is specifically available for churches and organisations associated with the Church of England. For further information on CCLA and its products visit [www.ccla.co.uk](http://www.ccla.co.uk) or freephone: 0800 022 3505

\*Charity Finance Fund Management Survey 2008