

BPCA

British Pest
Control
Association

VERSION 1 / MARCH 2023

POLICY DOCUMENT

FINANCIAL GOVERNANCE

**How does BPCA collect, manage,
monitor and control member money?**



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Driving excellence in pest management

How does BPCA collect, manage, monitor and control member money?

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Introduction

The British Pest Control Association (BPCA) is the member-owned, member-run, not-for-profit trade association of choice for professional pest companies. Like most trade associations, we are incorporated as a company limited by guarantee.

As members ultimately own the Association, it's only right for BPCA to be transparent about how we look after and use the money we raise. We couldn't represent and support the sector without members and the fees they pay.

This document is designed to assure and help members understand:

- How BPCA is financed
- The controls we have in place around income, expenditure, and investments
- How we take care of our reserves
- The financial health and management of the Association.

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This document was prepared by the BPCA Finance Working Group (FWG)

The BPCA Finance Working Group (FWG) is a working group of the BPCA Executive Board.



Mark Williams
Ecolab



Michael Taylor
Contego



Jason Cholerton
CSS Pest Services



Mick Kilburn
Elite Pest Management

Financial governance policy

Profit and surplus

BPCA is a not-for-profit, however we still need to make money to continue to exist.

We need reserves (money left over at the end of each financial year) to:

- Reinvest in the Association
- Pay for membership services
- Protect the sector and our toolkit
- Ensure we have money to see us through difficult times.

Who profits from BPCA?

When we talk about profits, surplus or reserves, it's important to remember it's not like profit within your own business. No one directly makes any money for being part of BPCA.

Clearly, the BPCA Staff team are paid a salary. However, we do not pay stakeholder dividends to members. Nor do we pay directors (our Executive Board), who are volunteers.

Any surplus the Association makes is spent on helping our members be the most professional pest management companies they can be. No one is profiting from your subscriptions directly, but your money is spent for the benefit of the sector.

The financial role of the BPCA Executive Board

Executive Board members look after the Association, its members and their interests.

The BPCA Executive Board is key to ensuring the money we make, spend or invest is done for the benefit of the Association and the wider membership.

The Executive Board appoints a Treasurer who typically has at least monthly review meetings with the BPCA Staff team on financial reporting and performance.

The Treasurer feeds back to the President, Vice-Presidents, and Immediate Past President at Officers' meetings. The entire BPCA Board get a rundown of the Association's finances at least four times each year.

There is also normally a half-year review point where the President and Treasurer meet with the BPCA's senior management team to

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review performance, firm up forecasts for the remainder of the year and start the budget process for the following year.

All Executive Board members receive development on financial management to help them better understand the budgets and financial reporting of the Association.

The Finance Working Group

The Executive Board now has a Finance Working Group made up of Board members to support the Treasurer. This document is one of the early outcomes of the Finance Working Group, which was formed in 2022.

Setting budgets

The BPCA's financial year runs from January to December. The Executive Board is involved in developing and approving BPCA's annual budget, usually in the last quarter of the preceding year.

The Executive Board works with the BPCA staff team to develop and approve the annual budget supporting the Association's strategy.

The financial reporting process is also agreed with the Executive Board alongside a range of governance checks and balances.

All processes are transparent to the Executive Board, which represents the entire membership. They assure the performance and integrity of the Association through comprehensive financial reporting, forecasting and variance and trend analysis.

Confidentiality

It's worth noting that the Executive Board do not see everything. Staff salaries are only seen by the Officer Team.

Most membership information and all data related to members' turnover declarations are restricted and confidential to members of the Staff team only. That means even BPCA's President can't demand to see your turnover declaration or your assessment information.

How does BPCA collect, manage, monitor and control member money?

Agile money management

As each year progresses, there are regular performance reviews against budget.

Extra money can be approved if there is a need for any significant variation to the budget, such as a new or enhanced project that requires expenditure. However, this is only done after a robust business case has been submitted by the senior management team to the Officers or Executive Board (dependant on authorisation limits set in a Scheme of Delegation).

Financial controls and integrity

To ensure adequate financial controls, we have developed a Scheme of Delegation which defines authority, financial controls and limits for different activities.

In addition to internal scrutiny of the Association's finances, the accounts are audited by an external auditor. The auditor's reports are reviewed and signed off by the Executive Board, and the audited accounts are available for the wider membership.

Every year the Treasurer makes an annual report to members which is printed in PPC magazine.

The financial performance of the Association is a fixed agenda item for each Executive Board meeting. Annually, the Executive Board will undertake a Financial Value Standard Checklist to ensure that the appropriate checks and balances are in place and remain effective.



The running costs of BPCA typically exceed the money we collect from subscription fees. BPCA relies on non-subscription income to do all the things we want to achieve. Training, advertising, and events are the primary ways we make non-subscription income.

The most significant source of non-subscription income is PestEx: the pest management show. PestEx is held every other year, and consequently, the Association has relied on revenues of a PestEx year to underpin a non-PestEx year.

We aim to ensure that each financial year is at least break even, which means we need to develop additional revenues in non-PestEx years. This is confirmed in the Association's Finance Strategy.

Membership subscriptions form a significant source of revenue for BPCA, which is normal for a trade association. We have significantly diversified sources of income to include training, accreditations, advertising, publications and events.

Compared to other trade associations, we do well in income diversification. Diversity of income is crucial as it spreads risks and protects members' interests.



Subscription and non-subscription income

While the budgets are done annually, we manage our finances around a two-year cycle. The budgeting process includes simple forecasting beyond the next financial year for which budgets are being set.

Financial Value Standard Checklist

The Financial Value Standard Checklist is a questionnaire completed by a member of the Executive Board, typically not an Officer or a member who is part of the Finance Working Group. The checklist aims to determine whether the key aspects of financial governance are in place and have been delivered, and where this is not the case, remedial action is identified.

New revenue streams

Additional new revenue streams are explored and approved by the Board. When considering the diversification of income streams, the Executive Board will consider the risks and opportunities this may bring to the Association.

In considering revenue streams, the Executive Board will consider the potential benefit for members in having a revenue stream in place against the acceptability of such an offering by the Association.

Each revenue stream is considered from a member/non-member perspective. Some member benefits, for example, are only open to members but could be made available to non-members for a fee. The Executive Board will consider the risks and undertake more comprehensive consultation with members if it feels this is necessary.

Reserves policy

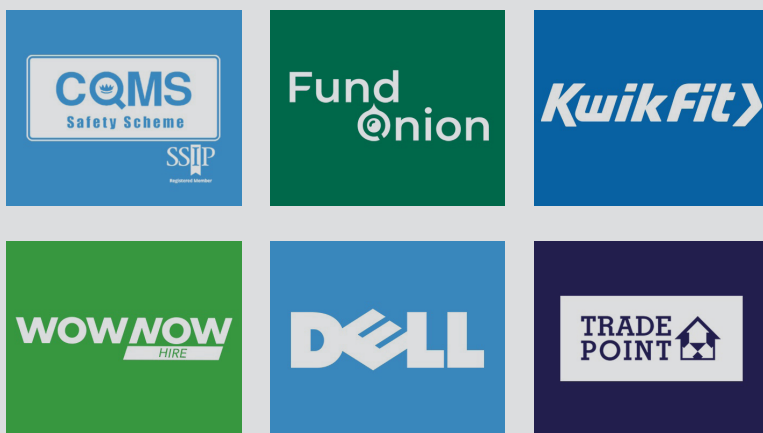
The Association has in place a Reserves Policy. In short, this specifies a set number of months' worth of running costs the Association must keep to one side in case of a catastrophic impact on its revenue or operation. In determining the policy, the Association is guided by best practice.

Response to financial problems

The Executive Board will ensure a Risk Register and Disaster and Recovery Plan are in place for the Association. That will partly dictate the level of reserves required to be held by the Association at the point of any catastrophic event.

The Executive Board ensures diligent and effective financial management of the Association as detailed in this Financial Governance Policy and delivery of the supporting Finance Strategy.

Commissions and member benefits



Some member benefits (existing and being explored) could provide a revenue stream (ie, a commission) back to the Association. Several trade associations rely heavily on the income generated through commissions paid once their members use a product or service introduced by their association.

As a rule, the Board's position is to ask the benefit provider to put any money we'd usually get from a commission back into the benefit being delivered to members.

In practice, that means if we have a choice of a member saving £1 and BPCA receiving £1 commission, we'll ask instead that the member saves £2.

The appropriate checks and balances are in place, principally through the Executive Board itself, the Officer Team, the Treasurer, the Finance Working Group, the Staff team and the Scheme of Delegation, which underpins this policy.

How does BPCA collect, manage, monitor and control member money?

Investment policy

Any projects needing significant financial investment need oversight by the BPCA Executive Board, ensuring due diligence has been undertaken.

General expenditure

General budgeted expenditure is managed by the Staff team with checks and balances in place through a Scheme of Delegation to ensure robust levels of financial stewardship by the Executive Board.

Our approach is to ensure we secure suitable quality at the best price.

With every supplier, there is a level of due diligence undertaken as required. One matter for consideration under our Living Wage accreditation is that all our contractors also pay or work towards paying the Living Wage.

Capital investment

Alongside general expenditure, there is the need for investment in capital. Such investment is typically equipment, and those assets are recorded in a register.

Surplus expenditure

Any surplus will either be invested in the Association's reserves or will be spent for the additional benefit of members. This may include investment in:

Additional member benefits (which then become general expenditure over time)

Initiatives to professionalise member companies or the sector as a whole

A specific piece of work which has not been undertaken under general expenditure previously but is aligned to our strategic plan

Interventions to protect the industry's toolkit through lobbying and public affairs work

All such decisions would be made by the Executive Board, who will ensure that investment would not make the Association default on its reserves policy (see p.5).

Where a significant investment or expenditure is required, the Executive Board require a business case presented by the Staff team for its consideration. This enables the Executive Board to make confident decisions on appropriate strategic investments.

Risk and approach to investments and funding sources

When things are going well, there may be surplus funds that need investing. When things are more challenging financially, funding sources may need to be explored to support cash flow.

In both cases, the Executive Board's attitude to risk comes into play. It should be recognised that the risk attitude of the Executive Board will likely change depending on the makeup of the Board, the Reserves Policy in place and the prevailing economic climate at the time.

Investing monies

When it is determined that there are surplus monies to be invested, the Executive Board must consider whether it has sufficient skill, knowledge and understanding to make sound investment decisions on behalf of the membership.

If not, financial investment advice will be sought.

Points for consideration in investments include:
Ability to access the cash if required
Consideration of how safe the investment is
Consideration of how ethical the investment is.

Seeking investment in the Association

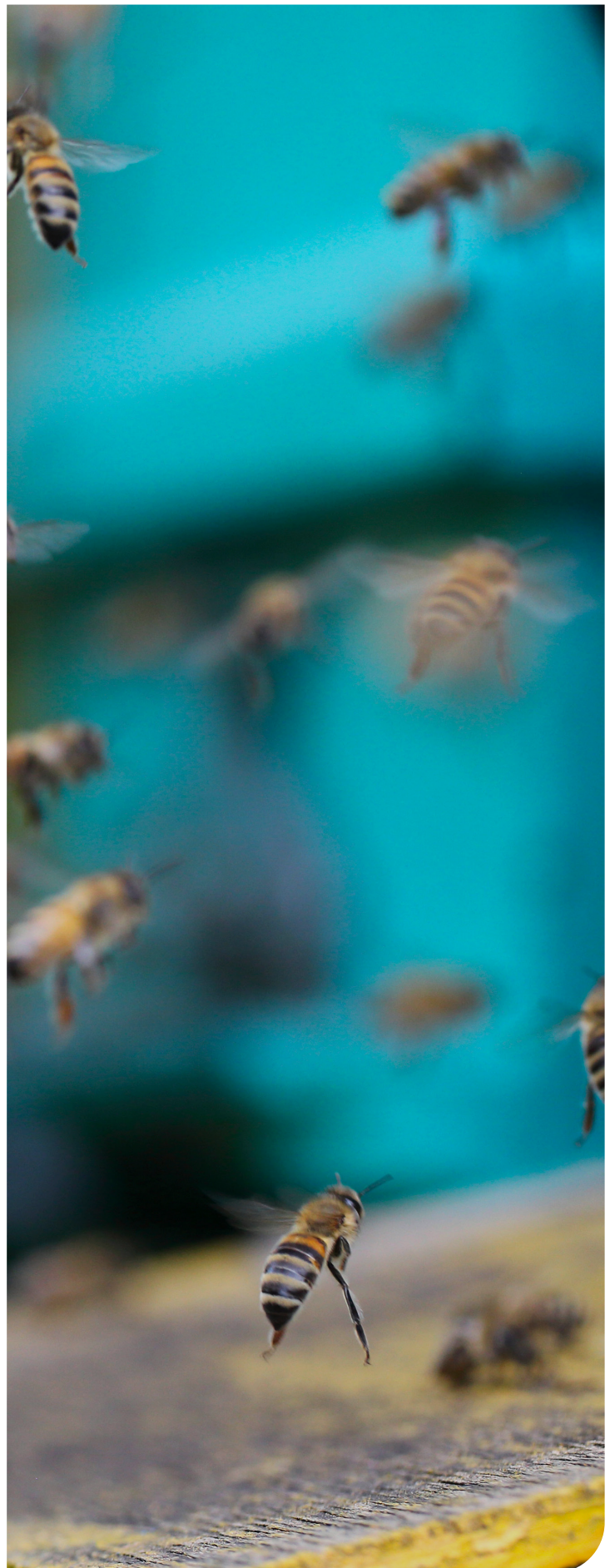
The Executive Board will know of any ongoing funding opportunities secured by the Association and the relative risks and opportunities associated with these.

Member oversight

Any member of the Association has the opportunity to ask questions of the Executive Board. Where appropriate, the Executive Board will look to engage with that member to ensure any questions raised are responded to.

The Treasurer and members of the Finance Working Group can be **found here** and can be contacted directly.

treasurer@bpca.org.uk





01332 294 288
@britpestcontrol

4A Mallard Way
Pride Park
Derby
DE24 8GX

