The Trustee View Effective Governance

Beryl Hobson

Professional Governance Services Ltd

November 1, 2017

“Improving the governance of charities to ensure they operate effectively was a priority for many of our witnesses”

Stronger charities for a stronger society, ch 3

HOUSE OF LORDS

Select Committee on Charities

Report of Session 2016–17

Stronger charities for a stronger society

Ordered to be printed 14 March 2017 and published 26 March 2017

Published by the Authority of the House of Lords

“there is no single magic bullet that will transform charity governance…it takes sustained effort and investment…it is as much about culture as it is about resources”

Evidence from the Association of Chairs - Stronger charities for a stronger society, ch 3

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"Trustees are key…

The crisis we face is not simply a fundraising issue, it is a governance issue"

Sir Stuart Etherington blog, NCVO website, 23 Sept 2015

Daily Mail

BEST EVER BREAD

THE GREAT BRITISH BAKE OFF

MOUTHWATERING PULLOUT INSIDE

REVEALED: HOW RSPCA SNOOPS ON WILLS OF DONORS

Strictly siren's back – lock up your hubbies!

Monday, De

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One in five of the UK's biggest charities are 'spending less than half of their income on good causes' (and some spend as little as ONE PER CENT on charitable work)

- Big UK charities 'are spending less than half their income on good work'
- Nearly 300 allegedly spent just 10% on charitable activities in three years

HOME WORLD UK COMPANIES MARKETS OPINION WORK & CAREERS LIFE & ARTS

Kids Co + Add to myFT

Kids Company trustees face bans from running UK companies

Insolvency Service to request eight people are disqualified from boards

Camila Batr ... in 2015

12 Save to myFT

JULY 31

The ... was ... or ...

Third Sector

HOME JOBS NEWS VIEWS KNOWLEDGE EVENTS

Fundraising Finance Digital Governance Communications

TRENDING FOCUS ON MENTAL HEALTH GDPR CYBER SECURITY

Largest fundraising charities received more than 42,000 complaints last year

24 October 2017 by Andy Ricketts , Be the First to Comment

The figures are contained in a report published today by the Fundraising Regulator

The context…

- Significant change in environment
- Change in funding:
  - Move from grants to contracts
  - Reduction in public money available
- Increased demand for services
- Criticism of fund-raising methods
- New regulation
- High profile failures
- Technology changes
- Expectations
  - Greater professionalism
  - Demonstrate outcomes
  - Transparency

The modern trustee?

The good news…

- More guidance and support
- Fresh opportunity to explain what we do
- Highlight charities' fundamental role in society
- Often best-placed to make the difference
- Technology changes
- Changes to charity law

15 questions trustees should ask

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TOP 4 QUESTIONS IDENTIFIED BY TRUSTEES FROM 15 CHARITIES LAST WEEK

ARE WE FINANCIALLY STRONG ENOUGH TO CONTINUE TO PROVIDE SERVICES FOR OUR BENEFICIARIES?

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ARE WE MAKING THE BEST USE OF OUR STAFF & VOLUNTEERS?

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ARE WE AN EFFECTIVE TRUSTEE BODY?

ARE WE MAKING THE BEST USE OF OUR STAFF & VOLUNTEERS?

HAVE WE CONSIDERED COLLABORATION WITH OTHER CHARITIES?

"What makes an effective board?" (comments from trustees)

Range of skills

Diversity

Communication

Challenge

PASSION

Support from the chair

Good chair

Boundaries between executives and trustees

Flexibility

Attending

Staying awake

The Charity Governance Code

Processes

Good governance

People

Getting the processes right

- Governing documents – what are we allowed to do? Do they need updating?
- Delegation of authority. Matters reserved for the board
- Role descriptions
- Job descriptions
- Policies (eg safeguarding) - ongoing review – do we have a timetable for reviewing policies and processes?
- Committees – have we got the right ones?

How can we be assured of the practices of our organisation?

- Vision, mission, values
- Clear strategic direction & objectives
- Clear departmental strategies feeding in to overall strategy
- Are we measuring the right things?
- Culture of giving and accepting constructive challenge
- Knowing when and how to deep dive
  - Know your organisation
  - Audit
  - Feedback
  - Committees
  - ‘Triangulation’
  - Walking about
- Do we meet often enough?

Why do boards fail?

- Lack of meeting structure
- Lack of strategic focus
- Getting wrapped up in minutia
- Not using the right numbers for reporting or forecasting
- Backward looking not forward focused
- Too much time spent on next month instead of value creation
- Insufficient diversity and insufficient breadth of experience
- Group think
- Bickering, especially where there's a focus on personality
- The dominance of personality: "my way or the highway"
- Not holding management to account
- Failing to deal with under-performance
- Lack of drive or commitment
- Not setting an appropriate tone from the top

Ian Muir: The Tone From the Top: How Behaviour Trumps Strategy May 2015.
List above from Ian Muir's blog on Russam GMS website, February 2017

What makes an effective trustee?

- Great judgement driven by deep integrity
- Superb interpersonal skills to enable them to bring those judgements to reality
- Finely tuned antennae so that their judgements are well informed

Patrick Dunne, blog on Trustee Week 2013 website

Extract from 10 Things terrible trustees do….

10 Things Terrible Trustees Do and Brilliant Trustees Don't

Terry the Terrible Trustee	Beryl the Brilliant Board Member
1 **Doesn't make effective use of meetings** • Wastes precious Board time focussing on the past and not on the future • Doesn't remind himself of what happened at the last meeting so time is wasted repeating things • Uses electronics during the meeting so people assume he's doing other work • Bad time keeping	• Reads the paperwork well before the meeting to remind herself what happened last time • Remembers that Trustees get together for on average 8-12 hours a year – and uses that time wisely and strategically. • During the meeting switches off phones and other electronics and focusses on the discussions
2 **Forgets the line between governance and executive.** • Interferes in operational details. • Forgets about the purpose of the charity • Sidesteps the Chief Executive to direct staff inappropriately	• Remembers that getting involved in details blurs the line between governance and executive. • Confines herself to setting or reminding the Executive Team of the vision/direction and allows them freedom to deliver • Gets involved in subcommittees or specific projects if needed
3 **Doesn't handle crisis well** • When faced with crisis demands more paperwork/meetings. • Assumes someone did something wrong • Seeks to blame • Focusses on what happened rather than what can be done	• Realises that more paperwork doesn't help. If the organisation is sufficiently well structured whether things are going well or badly shouldn't necessitate the need for more time – just different conversations • Doesn't seek to blame • Focusses on what next

Directory of Social Change website

Getting the people right

Getting the people right

Example trustee skills audit

	Existing Trustees			Potential Trustees		
	1	2	3 etc	A	B	C etc
Experience & skills						
Eg Finance/ accountancy/ business skills/ fundraising/ marketing						
Diversity						
Eg. Gender/Ethnicity/ Age/ Location						
Other skills						
Eg. Chairing skills/ ambassadorial/ public speaking						
Behaviours/ Attitude						
Eg. Listening skills						

Getting the people right

Getting the people right

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....but ....we're volunteers!!!!!!

WHOLE BOARD ASSESSMENT & EVALUATION

Questionnaire based on

- Behaviours
- Competencies
- Areas of trustee responsibilities
- Charity Code of Governance

Refer to in annual report and accounts (apply or explain)

Conclusion

1. Take time to take stock
2. Don’t just talk – act
3. Remember you’re not alone
4. Make brave – but measured – decisions
5. Catch your breath and go back to 1

BUT ABOVE ALL,
REMEMBER WHY YOU WANTED TO BE A TRUSTEE IN THE FIRST PLACE – WE ARE CHANGING THE WORLD ONE STEP AT A TIME

Resources

Charity Commission

- The Essential Trustee: what you need to know, what you need to do (CC3) https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3
- Charity governance, finance and resilience: 15 questions trustees should ask https://www.gov.uk/government/publications/charity-trustee-meetings-15-questions-you-should-ask/charity-trustee-meetings-15-questions-you-should-ask

Charity Governance Code

- https://www.charitygovernancecode.org/en

Training courses and articles (may be £)

- Small Charities Coalition – http://www.smallcharities.org.uk/building-resilience/
- NCVO Knowhow non-profit - https://knowhownonprofit.org/
- Directory of Social Change - https://www.dsc.org.uk/
- Foundation for Social Improvement - http://www.thefsi.org/

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