Board
matters

New **Philanthropy** Capital

A review of charity trusteeship in the UK

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Summary

Trustees are as central to the success of charities as directors are to businesses. But while the recent costly failure of banks has highlighted the weakness of much corporate governance, the problems of charitable governance remain largely hidden from view.

By law, trustees—who are almost all volunteers—are the people ultimately accountable for a charity's performance. Most trustees do a good job of fulfilling their basic requirements, but many have problems in achieving their larger role of ensuring that the charity is run effectively. In practice, many large charities are run exclusively by their management.

Poor governance is something that organisations can get by with for long periods without apparent cost. It is often only when times are tough that poor governance becomes obvious. But having a poor board can have a dramatic impact in the long run. For example, if boards do not thoughtfully discuss the management's decisions—play the role of a 'critical friend'— charities may begin doing work that is ineffective or outside their mission.

We know that UK charitable trusteeship is not up to scratch because charities and funders say so. All of the experts we consulted felt that most boards still had lots of room for improvement. As one funder put it, *'If we insisted on good standards of governance, then we wouldn't give many grants.'*

But why are boards not as strong as they should be? Firstly, recruitment of new trustees is getting harder, and nearly half of charities have vacancies on their board. Also, few have adequate induction for new trustees. Fewer still undertake performance reviews. And despite a raft of initiatives to promote good trusteeship, the support that boards receive is, in most cases, minimal.

It is not easy to overcome these hurdles. Many of the things that might improve the quality of governance formalise it in a way that some trustees will find unpalatable.

One cause of the problem is that boards are rarely held to account on their performance. Boards in the private sector answer directly to their shareholders. But it is not clear to whom charitable boards are accountable. Beneficiaries, funders and regulators all have some part in this, but none of these groups currently exert enough pressure on boards to improve.

Funders in particular seem to pay little consideration to governance, neither rewarding good governance nor criticising poor boards. Many select grantees on the basis of their management alone. NPC thinks that funders should speak out more about governance, use it more explicitly as an element in grantee selection, and be prepared to pay for efforts to improve it.

In this report, NPC highlights a number of improvements that could help to strengthen trusteeship in ways that would have a measurable impact.

The first is around recruitment. Currently, less than 5% of people are aware that they can support a charity by becoming a trustee. Charities, funders and government should undertake more aggressive advertising of trusteeship as a way of supporting charities. They should also accelerate plans to develop a simpler system to link potential trustees to vacancies.

Action on recruitment is important not just in addressing shortages, but also in improving diversity. Currently trusteeship is seen as an activity for retired middle class people: nearly half of trustees are aged 60 or over. This lack of diversity can undermine a charity's mission if it includes the promotion of social mobility and diversity. Furthermore, a homogenous board will miss out on the benefits that come from having people with different backgrounds and experiences working together as a team.

But advertising alone is unlikely to work in the absence of wider social changes. If the government is serious about promoting volunteering, it should consider giving employees a right to time off work to undertake voluntary tasks such as being a trustee. Trusteeship could be a useful occupation for job seekers in the recession, with many professionals struggling to find work and keen to learn new skills. This may help address shortages in professional competencies like financial and legal expertise.

There also needs to be a series of changes to support boards once they are established. For example, inducting new trustees properly can make a big difference to their understanding of their role and their performance, yet inductions are rarely done well. And while there is a great deal of guidance for trustees, more effort needs to be put into its marketing and distribution. Additionally, there are inadequate opportunities for trustees to learn from each other. NPC believes that there should be a body responsible for trusteeship, which could coordinate efforts to improve standards, put information about charity governance in one, accessible place, and encourage networking among trustees.

Finally, NPC thinks that boards—particularly those of large organisations—need to get more serious about evaluating their own performance. Regular appraisals and evaluations of boards are critical to long-term effectiveness. Funders could make a big difference here by supporting larger grantees to undertake this.

Problems with trusteeship reflect tensions at the heart of what it means to be a charity. On the one hand, we value charities because their governance is undertaken by volunteers who are passionate about a cause or issue and are willing to give up their time to make a difference. On the other hand, charities should aim to maximise impact with their limited resources. This implies that trustees should have the professional skills and hard-headed approach necessary to run complex organisations.

There are limits to what can be achieved through further regulation in what is already a heavily scrutinised sector. In the long-run, the way to put pressure on boards to achieve more might be to distinguish more forcefully between legal requirements on small and large organisations—for example, by expecting large organisations to publish the results of governance reviews.

For the foreseeable future, attempts to improve boards should use carrots, not sticks, with increased information, education and support for bodies trying to create change.

Contents

Introduction

The purpose of this report

This report is about charity trustees: how they are performing and what challenges boards face. It identifies the main problems and makes some suggestions of where more work can be done.

The findings will be of interest to anyone who is concerned about the effectiveness of the charity sector. While trustees themselves may find the report interesting and useful, it is not a guide for trustees. It mentions some aspects of best practice, but does not describe them in detail.

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Methodology and scope

There has been much written about charity governance recently, and we drew on this existing work—books, articles, websites—while researching this report.

In order to get an understanding of the situation on the ground, we also consulted with around 50 people who have experience of being or working with trustees, including:

- public bodies, such as the Charity Commission;
- third sector umbrella bodies;
- charity chief executives;
- trustees of charities;
- trusts and foundations; and
- organisations (such as law firms) providing services to trustee boards.

Most of the people we spoke with talked about the situation in England. However, many of the broad messages should apply equally to Wales, Northern Ireland and Scotland.

Our research focused on trustees of operational voluntary sector charities, not on trustees of grant-making charities, nor on school governors, although some of the same messages may apply to those sectors.

Structure

The report begins by outlining the current state of trusteeship of charities in the UK and identifies the main challenges to good trusteeship. The following sections look in more detail at three issues:

- Getting the right people on board;
- Getting the most out of boards; and
- Reviewing the board's performance.

The conclusion draws together the priorities for anybody interested in promoting charity trusteeship. The appendix includes a simple tool of ten questions that boards can ask themselves in order to ensure they are effective.

The state of charity trusteeship

There are an estimated 820,000 charity trustees in the UK. They are responsible for ensuring that their charities are well run and are working towards their charitable aims.

Trustees have a wide range of responsibilities, so being a good trustee is a difficult and demanding task. It is no surprise therefore that the quality of trustee boards varies greatly. There are examples of excellent boards, where the chair and trustees work hard to make sure that the processes and support are in place to make it possible for their charity to achieve more for its beneficiaries. But there are also instances of boards losing control of the charity, sometimes with devastating results.

Over the past decade, there has been an increased emphasis on the importance of governance in the voluntary sector. This has resulted in a better understanding of what makes a great board, although this has not always translated into good practice on the ground.

What is trusteeship?

Trusteeship and governance

Individual trustees form the governing board of an organisation. The board is collectively responsible for ensuring that the charity is run properly and for the purpose for which it was established. Governance is wider than trusteeship. It is about ensuring *'that an organisation is effectively and properly run … Governance is not about necessarily doing; it is about ensuring things are done.'*[1]

Governance often involves input from staff and possibly other groups, but it is the board of trustees that is ultimately responsible for it.

NPC estimates that there are around 820,000 trustees of registered charities in the UK.* Almost all of these board members are volunteers.

Being a trustee is very different from charity to charity. In a small charity with few or no staff, trustees need to be actively involved with tasks such as preparing accounts, fundraising and reporting to funders. The board of a large, well-staffed charity can delegate such tasks to the paid employees, but is still responsible for them.

Trustee responsibilities

Trustees have many responsibilities. As the governing body, they are responsible for holding a charity's assets on behalf of its beneficiaries. They oversee the charity's finances and work, are ultimately responsible for its actions, and for its direction and strategy. The Charity Commission summarises their responsibilities as follows:

'Trustees have and must accept ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up.'[6]

There are two levels of trustee responsibility—ensuring compliance with regulation, which is mandatory, and following good practice, which is optional. However, many of the apparently 'softer' requirements are actually legal or regulatory duties of trustees.

Photograph supplied by Kristian Buus

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* The Charity Commission for England and Wales has just under 818,000 trustees registered in 169,000 charities.[2] Figures for Scotland and Northern Ireland are not available, but there are thought to be around 28,000 charities in these countries.[3, 4] By assuming that Scottish and Northern Irish charities have a similar number of trustees as English and Welsh charities, NPC has scaled up the Charity Commission's figure. The National Council for Voluntary Organisations (NCVO) estimates that the total number of active general charities in the UK is 170,000 rather than 197,000, suggesting that approximately 14% of charities do not fit into its definition of charities.[5] Hence we reduce our estimate of the number of trustees in the UK by 14%, to give a total estimate of 820,000.

Box 1: Cancer Research UK's board

Cancer Research UK is the largest fundraising charity in UK, formed by the merger of the Cancer Research Campaign and the Imperial Cancer Research Fund in 2002. In 2007, on the recommendation of the chair, the board initiated a comprehensive review of the charity's governance policies and practices, with a particular focus on the structure and responsibilities of the board and its committees. These had not changed since the merger. This review was undertaken in consultation with the Charity Commission, with some specialist independent advice being taken to ensure compliance with current best practice.

One early conclusion was that the board should be reduced from 20 to 12 trustees, while still retaining an equal balance between scientists and non-scientists. Some of the retiring scientific trustees were able to continue to contribute to the work of the charity by joining the Research Strategy Committee, which is responsible for the charity's science strategy.

To ensure a healthy turnover and a mix of experiences, trustees have a term limit of three years, with the expectation of a second three-year term and the possibility of a third. The chair is limited to two terms of three years. Each trustee is formally appraised once in each three-year term, which forms part of the process leading to the decision on whether the board will recommend to the members that a trustee should be reappointed. Trustees also have annual one-to-one meetings with the chief executive and with the chair. If a trustee attends fewer than two thirds of board and relevant committee meetings in a year, the individual will meet with the chair to discuss his or her attendance record and overall commitment.

Trustee responsibilities are clearly set out in the Charity Commission's publication, *The Essential Trustee*.[6] This publication explains the **mandatory** responsibilities of trustees. Trustees must:

- ensure that the charity is well run, solvent and delivering the charitable outcomes that it was set up to do. Trustees are responsible for directing the affairs of the charity. This includes ensuring that its funds are not placed at undue risk or misused.

- ensure that the charity complies with the relevant regulation and laws (eg, prepares its accounts properly, has policies about staff consistent with employment law).

- ensure that the charity remains true to its charitable purpose. Trustees are responsible for fighting 'mission creep', where a charity is tempted to start running services not directly related to its charitable aims.

- act with integrity and avoid conflicts of interest.

- set the charity's strategic aims, objectives and direction, and identify risks to the charity.

The booklet also states that trustees must *'use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is well-run and efficient.'*[6]

There are also many **optional** responsibilities, including that trustees should:

- lay down clearly roles and responsibilities, and hold staff accountable for its actions, if the board delegates activities to staff.

- educate themselves about their roles, responsibilities and best practice.

- encourage the board to improve its governing skills.

- give enough time and energy to be a good board member.

- stay up to date with the work of the charity and the environment it operates in.

Trustee liabilities and reputation risk

As well as having these responsibilities, trustees can, in rare cases, face personal liabilities if something goes wrong.

The Charity Commission is clear that *'a conscientious and committed trustee need have few worries about personal liability.'*[6] However, if trustees act imprudently or are in breach of trust—for example, by deciding that the charity should take out a loan that it is not in a position to pay back—they can legally be held collectively and personally responsible. This is very rare, and even if it does happen, the Charity Commission can intervene to remove trustees' liabilities if it feels that they have acted reasonably.

The potential liabilities are much lower for trustees of charities that are also incorporated as companies limited by guarantee.

Trustees can take out trustee indemnity insurance, which covers trustees against personal liability if legal action is taken against them so long as they have acted reasonably and honestly. Experts differ in their opinion of the benefits of such insurance. Given that trustees will rarely be held to account in these circumstances anyway, insurance may not be worth the cost. Some experts are also concerned that buying insurance may make trustees complacent about their responsibilities. But if the potential liabilities are significant—for example, if the charity employs many staff, or looks after vulnerable people—it may be worthwhile. Each charity must weigh up the costs and benefits in its situation.

Even if trustees are not held personally liable, their personal or professional reputation may be damaged if their charities encounter any problems.

These liabilities and reputation risks may act as a deterrent for potential trustees. On the other hand, many trustees are thought to be unaware of their potential liabilities, so they may be putting themselves at risk without realising it.

Good trusteeship

Good trusteeship is about much more than just adhering to the mandatory compliance and oversight responsibilities. While no two good trustee boards will look the same, there are some general principles about what good trusteeship entails.

A good board will provide strategic leadership for the organisation and help the charity to increase its impact. It will have the right skills and will use them to make the biggest possible difference to beneficiaries. It will have critical oversight of and be a sounding board for the management's decisions, and ensure that the charity is going in the right direction. It should not discuss trivial or detailed issues, but should focus on increasing the organisation's impact. The rest of this report will talk about some of these issues in more detail.

Even if a charity is very small and unstaffed, trustees can still adhere to the spirit of the best practice guidance, although it may be quite difficult to do and will look very different to good governance in a larger organisation. For example, trustees who are also running the charity should take time to step back and use their judgement to determine the charity's direction.

There is some concern that, faced with increasingly onerous regulatory responsibilities, some boards (especially those of charities without many paid staff) just focus on compliance requirements and ignore the other aspects of governance. This is a false economy: if a board applies itself to its wider responsibilities, it will be better placed to meet its basic requirements. Also, investing time to map out the charity's strategic direction and build its internal capacity can give it more control and make it a stronger charity.

Boxes 1 and 2 discuss the boards of two charities that NPC knows that appear to work well, and which have developed their governance as the charities have evolved.

Being a good trustee

Being a trustee is not an easy task, and should be taken as seriously as a professional role, even though it is a voluntary and part-time one. There is some tension between the many legal responsibilities of trustees and the passion that is often at the heart of a charity. This is healthy: trustees should have values, passion and integrity, but management also needs to be held to account by trustees willing to ask difficult questions and help the charity fulfil its statutory obligations. If a board relies too much on either passion or technical knowledge, it will not be able to fulfil its role effectively.

> **Box 2: Edinburgh Cyrenians' board**
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> Edinburgh Cyrenians is a charity tackling homelessness in Scotland. It has grown significantly over the past ten years. The board recognised and planned for this growth, and realised it affected the trustees' role. When the charity only had 12 staff, the board had to be quite involved with running the organisation, by supporting the staff and management. As the charity grew, the board needed to step back and be able to delegate more responsibility to staff, and begin to focus more on its governance role and the charity's strategic direction. Working with the director, the chair encouraged the board to invest in the organisation's infrastructure, building staff capability, and led the board in understanding its changing role.
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> This improvement included the board reviewing its own performance. An internal review was recently undertaken. At the board's annual workshop, a facilitated session was held to review its performance in respect of good governance. The trustees and senior managers of the charity scored the board in seven areas, such as leadership and delegation, by considering where they are now and where they want to be in the future. The scoring was used as a way to stimulate discussion on performance, identifying strengths and weaknesses. While the overall scores indicated a fundamentally healthy governance performance, a number of areas for consideration were identified and taken up by the board for action, including reviewing service user contact and doing skills audits within the board.
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> Edinburgh Cyrenians also thinks carefully about how to induct new trustees. It gives them a thorough document, containing information about the charity, legal responsibilities of trustees, role descriptions of the charity's trustees, and information about other board members. It also includes a summary of the *Good Governance Code*, and links to other sources of information. As well as this formal information, each new trustee has an itinerary of meetings with the chair, the charity's staff and projects. A recent recruit is reviewing the induction process to see if any improvements could be made.

Being a trustee, while often demanding, can be rewarding too. It gives people a chance to use their skills for a social good, to work with a new group of people, and benefit from new skills and experiences. Being a good trustee—getting involved with strategy, helping the charity to achieve more—is likely to be more rewarding than just fulfilling the relatively dull but necessary task of ensuring compliance.

Why trusteeship matters?

Trusteeship matters because of the many important responsibilities trustees have. They are responsible for organisations that play a crucial role, especially in helping the most vulnerable in our society. It is important that these people are protected and looked after.

The sector that trustees are governing is large. There are estimated to be at least 170,000 active general charities in the UK, which are estimated to have had combined total income of £33.2bn in 2006/2007.[5]* Charities receive significant funds from the government, grant-making trusts and from the public both directly and in the form of tax breaks in order to 'do good'. It is important that their work is governed well to ensure that they are using these funds well and for the right purposes.

> **"If we insisted on good standards of governance then we wouldn't give many grants."**
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> Fiona Ellis
> Northern Rock
> Foundation[7]

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* The National Council for Voluntary Organisation's estimate excludes some registered charities, such as non-departmental public bodies, inactive charities and subsidiaries of other charities.

Box 3: Good Governance Code

In 2005, *Good Governance: A Code for the Voluntary and Community Sector* was published.[13] It was written jointly by a number of sector bodies: **Charity Trustee Networks**; **Institute of Chartered Secretaries and Administrators**; **Association of Chief Executives of Voluntary Organisations (acevo)**; and **National Council for Voluntary Organisations (NCVO)**.

The Charity Commission endorses the Code, and charities are invited to state in their annual reports that they adhere to it, but it is a voluntary code. It was promoted heavily across the sector, particularly through the activities of the high profile, government-funded Governance Hub.

The Code sets out seven general principles of good governance:

Board leadership: Every organisation should be led and controlled by an effective board of trustees which collectively ensures delivery of its objects, sets its strategic direction and upholds its values.

The board in control: The trustees as a board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations.

The high performance board: The board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.

Board review and renewal: The board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.

Board delegation: The board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.

Board and trustee integrity: The board and individual trustees should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.

The open board: The board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.

Governance in the corporate world is under close scrutiny because of the impact poor governance can have on an organisation and, in recent financial scandals, on the wider economy. While the charity sector may not have the same reach, the effect of poor governance can still be significant. Without good trusteeship, the risk is that public money is wasted, the most vulnerable people in our society suffer, and confidence in charities is undermined.

However, it is difficult to prove categorically that a good board leads to a better-performing charity. This is partly because the concepts of an 'effective board' and a 'good charity' are not well defined and are difficult to measure. For example, a board might be judged to be 'good' on the basis of the apparent skills it has, but if it is not applying these skills, it could still be ineffective.

However, there is some academic research available (from the United States) that shows that boards that are judged to be effective do lead more effective organisations. But it is not clear what is the cause and what is the effect. For example, it could be that good organisations attract good board members.[8]

So why are we interested in good trusteeship? A fundamental reason is that whenever charities encounter serious problems, good trusteeship can, at the least, help to prevent charities from suffering unduly. When any organisation suffers a serious setback, the cause is often identified as bad governance.

When the Charity Commission investigates cases where there are concerns that charities are causing harm by not complying with relevant laws (for example, where beneficiaries are being put at risk), governance failures are a common theme.[9]

A recent and well-publicised example of poor governance affected Age Concern England. In 2006, it launched a new membership scheme, Heyday, offering a range of benefits to those who signed up. Many of Heyday's activities were run through the charity's trading arm as a commercial scheme. It aimed to recruit 300,000 members in its first year, and spent £22m on the scheme over four years. However, it was a failure, only recruiting 44,000 members in its first year. It had a devastating impact on the charity, which has now merged with Help the Aged (though for different reasons). A recent Charity Commission report concluded that the trustees did not exercise *'sufficient oversight and critical challenge … This fell short of the standards we would have expected of trustees of a large national charity embarking on such a substantial project.'*[10] One concern was that the board—which had 34 members—was *'too large to facilitate effective decision making'*.[10]

Good trusteeship can help to reduce the risk of such failures. At the very least, it cannot do any harm. And the view of the experts we consulted with is that good boards do impact on the effectiveness of their charities.

The general conclusion is that if a charity has a good board, it will probably be a good charity. However, a charity with a poor board can still be effective and well-run, so long as the staff perform well. A poor board puts them at greater risk of being unable to cope when significant problems arise, or at times of change. The issues are different for the many unstaffed charities: governance and management are often done by the same people, and it is harder to draw a line between the two.

Investment in trusteeship and governance

The emphasis on good governance in the charity sector has increased over the past decade. The government put nearly £4.5m over four years into the Governance Hub, an initiative

aimed at raising awareness of the importance of governance and promoting high standards.[11] It worked through a partnership of nine voluntary sector infrastructure bodies from 2005 to 2008, and the resources it created are now managed by the National Council for Voluntary Organisations (NCVO).[12] The government is funding some ongoing work through a 'Leadership and Governance' work-stream.

Another important recent initiative has been the publication of *Good Governance: A Code for the Voluntary and Community Sector*.[13] Written in 2005 by a number of different agencies, it lays out some general principles of good governance (see Boxes 3 and 4).

There have also been wider initiatives which can help trustees improve how charities are run, such as Charities Evaluation Services' PQASSO quality assurance system.

These sector-wide initiatives are a result of recognition that there are many examples of weak governance in charities. This is a particular concern for the government as it increases the number and size of contracts it offers to charities that provide public services.

Charities also receive significant funding from professional funders, such as grant-making trusts and foundations. Most professional funders admit that their funding decisions are based on judgements about the activities the charity undertakes and the quality of its senior staff, rather than its board. This reflects the fact that in many staffed charities, the important decisions are actually made by the management, not the board. This is a problem if their work is not being held to account and critiqued. Though some funders try to help charities to improve their governance, funders that ignore their grantees' boards could be accused of being complicit in allowing poor governance to continue in many charities.

Spending on governance by charities themselves remains low. An examination of the accounts of the largest 20 fundraising charities in the UK (collectively responsible for expenditure of £2.7bn in the last year for which their accounts are available on the Charity Commission website), reveals that spending on governance accounted for only 0.6% of their total expenditure, and this is mostly spent on audit costs rather than on training for trustees or governance reviews.

What is the current quality of boards?

Trustee boards vary significantly in quality. Many charities have excellent boards that protect their charities from risks and push them to achieve more, but others do not.

The general opinion of the experts we consulted is that while the majority of boards are functioning sufficiently to keep the charity going and comply with regulation, many could be much better. This view differs from the opinion of trustees and charities themselves: a survey of staff and trustees for the Governance Hub found that 52% of all respondents felt that their organisations practise good governance to a great extent, with a further 45% indicating that, in their opinion, good governance was practised to some extent.[14]

On the other hand, the umbrella body of charity chief executives, acevo, asked its members about their boards. Only 40% of respondents agreed with the statement: *'My board is highly effective in developing and reviewing our strategy'*, despite this being a fundamental role of the board.[7] This evidence comes from chief executives who are acevo's members, who tend to run large, professional charities. It could be that they are more demanding of their trustees and therefore more critical if they are not living up to expectations.

Weak or poor-performing boards often do not reveal their true colours until problems arise. If the board has been sleeping while on watch, something that begins as a short-term crisis can quickly prove disastrous. For example, if the board of a staffed charity does not ensure that the charity has good employment policies in place, this will not become obvious until a staffing problem arises, at which point it may be too late.

Although some of the issues facing trustee boards differ depending on the type of charity— its size, where its income comes from, what services it provides—it does not necessarily follow that large, well-known charities all have excellent boards. A charity may have plenty of high-profile, skilled people as trustees, but if they are not using these skills, or if they let the chief executive have too much power, then the board can still be too weak to do its job properly.

Smaller, unstaffed charities are those that are most likely to be involved in cases of apparent misconduct, but this is partly because there are so many more of these charities. More often than not, problems are due to negligence and ignorance rather than intentional fraud by the boards. The Charity Commission states that: *'Deliberate abuse and wrongdoing in charities remains rare and most concerns which come to our attention are resolved by providing advice and guidance.'*[9]

> "Deliberate abuse and wrongdoing in charities remains rare and most concerns which come to our attention are resolved by providing advice and guidance."
>
> Charity Commission

Characteristics of good boards

This report is not a guide to good trusteeship. Many guides about good trusteeship and trustees' roles and responsibilities are available, such as: *Good Governance: A Code for the Voluntary and Community Sector*; the Charity Commission's *The Essential Trustee* and *The Hallmarks of an Effective Charity*, and National Council for Voluntary Organisation's the *Good Trustee Guide*.[6, 13, 15, 16]

However our research has identified some particular features that are characteristic of good boards.

Trustees understand their role and responsibilities

In order to be good trustees, it is crucial that trustees understand their role and responsibilities. This includes understanding:

- the legal duties, responsibilities and liabilities the board has;

- that, as well as such compliance responsibilities, their role is to provide strategic leadership for the charity, to be a 'critical friend' of management;

- that they are, as trustees, not supposed to manage the charity directly (though in small charities, the two roles may be done by the same people);

- that the board is collectively responsible for decisions made by its members and sub-committees (eg, that each member is as responsible as the treasurer for financial oversight); and

- the workings of the charity and the sector it operates in.

A strong chair

The chair's role is to organise the board and be a conduit of information between the board and the staff. Everyone agrees that having a good chair is vital to a board performing effectively. As one recent report about Scottish charity governance put it: *'A good board is a good Chairman.'*[17]

The chair sets the framework for how the board operates, allowing good governance to flourish. For example, the chair arranges meetings, setting their timing and arranging board papers to share information ahead of the meetings. At the meeting, the chair sets the tone for the board—he or she can encourage trustees to think critically but contribute positively and politely. Personal conflicts, such as trustees trying to dominate meetings, seem to be the cause of a significant proportion of board issues. Having a healthy atmosphere is important, and the chair can do much to create one.

A poor chair can be the source of many problems. If he or she does not understand his or her role, does not encourage other members to contribute, or is too close (or too hostile) to the chief executive, the board will not be able to work effectively.

Good relationships

Good relationships within the board, and between the board and the staff (particularly the chair and the chief executive), are fundamental for a board to do its job well. A board can have all the correct procedures and systems in place—'tick all the right boxes'—but if the people on the board do not work well together, it could still be dysfunctional. This makes it difficult for an external observer (such as a funder or trainer) to assess how good the board is unless he or she knows the board well.

Poor relationships between the board and staff have recently caused problems at the large employment charity the Shaw Trust. Last year, the then chief executive objected to the trustees' plans for expansion to Australia. This led to him being dismissed and he has since filed grievances against some members of the board. The issues had a wider effect on the charity—another senior member of staff has also resigned, and the Charity Commission were called in to investigate the problems.[18]

Appropriate skills

Given the range of a trustee board's responsibilities, it is important that the board has a variety of relevant skills, and that the trustees use their skills. For example, if a charity employs a large number of staff, it is good practice to have some human resources skills on the board. Having a relevant mix of skills is probably even more important for small charities with very few or no staff. For example, if a small community centre has only a general manager as an employee, it is crucial that a trustee can help with fundraising.

On the other hand, because the board is collectively responsible, the board should not rely on just one member's skills in a particular area. The greatest risk of this is in connection with financial skills, potentially leaving the board ignorant of the charity's financial situation.

In NPC's experience of analysing charities, many say it is difficult to find trustees with relevant financial, legal and human resources skills.

Fit for purpose

A board cannot be easily judged as good or bad from the outside. One charity's board may look entirely different to another's. It is important that the board is appropriate for the organisation it governs. It should have

> 'A good board is a good Chairman.'

> High-powered people lose energy when fed on a steady diet of trivia.

good processes and enthusiastic trustees, but the importance of these may vary. A small, local charity's board may not have the formal systems and skills of a regional charity's one, but it may make up for this in energy, passion and commitment. And what works in one organisation may not work in another. Box 2 shows how one board developed as the charity, Edinburgh Cyrenians, grew.

One aspect that will vary is the size of the board: very small charities with no staff may only have a few trustees, whereas national membership bodies may have over 20. Most people believe that boards that are too large will not be effective, as the Age Concern England case demonstrates. Box 1 gives another example of a charity, Cancer Research UK, which addressed this problem.

Evaluate performance

An important element of good trusteeship is being able to evaluate the performance of the charity and the board. A good board encourages the charity to produce high quality information about the organisation's impact and progress so that it can hold the management team to account. It may also consider its own performance. NPC encourages charities to be more transparent about their impact and outcomes in order to understand and improve their performance. This equally applies to boards. NPC has developed a simple tool to help boards to think about their performance. The tool is contained in Appendix 2.

Add value

The underlying idea of good trusteeship is that a board should add value to the organisation and make a positive difference to it and its beneficiaries, otherwise it is not clear what its purpose is, especially if there are skilled paid staff.

This is an important element of good trusteeship, and it is self-fulfilling: trustees are most likely to be enthusiastic and engaged when they feel that their skills are being used well and are making a difference; and if they feel their input is useful, they will put more effort in. However, if trustees focus on detailed issues where they can only have a negligible impact, they will lose enthusiasm. As one report put it: *'High-powered people lose energy when fed on a steady diet of trivia.'*[19]

Challenges to good trusteeship and promoting best practice

What makes it difficult for boards to be effective? And why have efforts to improve trusteeship not had widespread impact? There are many challenges to good trusteeship, many of which are also barriers to any efforts

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Box 4: Impact of Good Governance: A Code for the Voluntary and Community Sector[20]

The Good Governance Code aimed to outline the general principles of good governance and was accompanied by a simplified version for small local organisations, *Learning to Fly*.[13, 21] It was promoted heavily across the sector, particularly through the activities of the high profile, government-funded Governance Hub.

In 2008, three years after the code was launched, its impact was evaluated by nfpSynergy, through a survey of charities and consultation meetings. The report findings are useful in highlighting the difficulties in spreading best practice to trustees.

Broadly, charities that used it liked it, and used it to undertake useful activities, such as reviewing trustee roles.

The survey showed that 42% of respondents were aware of the Code and had used it, and a further 29% were aware of the Code but had not used it. Only 21% of respondents were not aware of the Code.

The umbrella body for charity chief executives, acevo, surveyed its members about the Code too. It found that 44% of respondents were '*aware and using*' the Code and another 44% were aware of it.[7] Members of acevo tend to represent larger organisations, whereas the Code evaluation survey was of a wider range of charities. The results therefore suggest that awareness is higher in the larger charities (88%) than in the sector as a whole (71%).

The nfpSynergy report also asked why some charities were not using the Code:

'Aside from a lack of awareness of the Code, the most common reasons for not using it were that boards felt that their governance was already working well (28% of non-users) or a lack of time or a lack of commitment or interest by others on the board.'

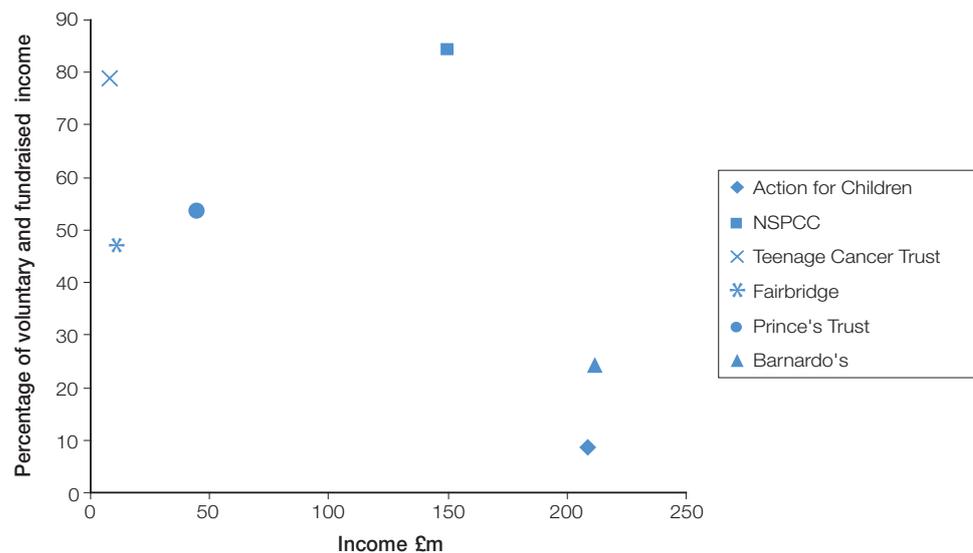This suggests that many boards do not want to change.

While the Code was broadly perceived as being useful, some charities, especially small organisations, thought it set too high standards that are too far removed from their everyday experience. Also, the language was considered to be too technical and alienating for many trustees, while the *Learning to Fly* document was criticised for being patronising. This highlights the difficulties of producing a document suitable for the whole sector.

The organisations behind the original Code are considering how to develop the publication to make it more useful and increase its impact. One idea is to create versions which translate the general principles into publications appropriate for specific sectors—arts charities, or membership organisations, for example.

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to spread best practice. Box 4 shows how one high profile effort to improve standards, the publication of *The Good Governance Code*, encountered some of these problems.

Charities differ from each other

The relative importance of the different roles boards have varies between charities depending on their size, their funding and where they are in their lifecycle. In terms of size, it must be remembered that most charities are small: 55% have an income of less than £10,000 and most of these have no paid staff.[5] There is also variation in terms of how income is raised. To illustrate this, Figure 1 shows the

Figure 1: Variety in children and young people's charities by size and source of income*

Legend:
- ◆ Action for Children
- ■ NSPCC
- ✕ Teenage Cancer Trust
- ✳ Fairbridge
- ● Prince's Trust
- ▲ Barnardo's

income, and percentage of voluntary income (mostly grants and donations, as opposed to earned income), of a small sample of children and young people's charities.

A large, national charity with many government contracts, such as Action for Children, should be governed in a very different way to Teenage Cancer Trust, a smaller medical charity that raises much of its income from donations. Governance arrangements at a local church community group which gets its small income from parishioners' gifts should differ even more.

This makes it difficult for the sector to produce guidance that is useful for all charities. Some of the guidance available for trustees is quite complicated and sets very high standards. For trustees of many small organisations, this guidance may be inappropriate. Large, complex charities on the other hand might find it too simplistic.

Best practice guidance for boards is usually based on a standard governance structure of a volunteer non-executive board of trustees, holding an executive management board to account. For small charities, this may be difficult to put into practice if the trustees, staff and volunteers are the same people. At the other end of the scale, larger charities with many different activities might prefer to have members of the executive team sit on the board, or pay professional people to govern their organisations.

The sector is large and dispersed

A related issue is that the sheer size of the sector is a significant barrier to sharing best practice. There are an estimated 170,000 general active charities in the UK.[5] The largest umbrella body—the National Council for Voluntary Organisations (NCVO)—has an

impressive 6,800 members, but this represents less than 5% of English charities.[22] The challenge of even communicating with the sector's many charities is difficult; encouraging them to take governance seriously and invest time and energy into improving their boards' performance is a Herculean task, especially when funding is tight.

The high profile of some large charities creates some pressure on them to ensure good governance is practised, but there is little external incentive for small charities to invest in this area. Accessing small charities is even more difficult because they are less likely to be involved in sector networks. One possible way to access them is through local infrastructure groups such as councils of voluntary service (CVS), which provide support at a local level. One CVS we spoke with, Enfield Voluntary Action, commented that most charities approach it for help with issues such as fundraising. But once the CVS starts working with the charities, it often becomes clear that governance is a problem.

However, the experience of the attempt to share best practice through the publication of the *Good Governance Code* suggests it is possible to reach a large number of charities if the resources to do so are available (see Box 4).

Trustees are volunteers

Almost all trustees of registered charities are volunteers. Some get paid time off from their employers, but meetings are often out of hours. Given this, boards might focus their time on the legal responsibilities, and may not have the time or inclination to push themselves to achieve more.

This has sparked a debate about whether charities should be allowed to pay trustees, to reflect the time it takes to do the job well

Boards are technically accountable to a number of different bodies, but not all of these exert pressure on them to improve.

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* Income is from the most recent year for which accounts are available on the Charity Commission website (mostly 2007/2008). Percentage voluntary income is taken from the 'voluntary income' and 'trading to raise funds' lines in their reported accounts. Charities sometimes differ in how they categorise their income streams so these figures should be treated with caution, but are useful as indicators of differences.

and the skills and responsibilities it entails (see Box 5). Another option would be for employees to have a statutory right to time off work for undertaking voluntary duties such as trusteeship, as exists for trade union work.

Because trustees volunteer their own time, some people on boards would object to being expected to spend time on training and learning. Also, someone with plenty of experience of sitting on boards may baulk at the suggestion that his or her volunteer work needs to be appraised.

For these reasons, any initiative to improve trusteeship must be based on providing support and encouragement to trustees—not making them do something which is too onerous.

Trusteeship is not the responsibility of any single body

An important issue underlying the discussion throughout this report is that it is not clear who is, or should be, responsible for improving trusteeship. Boards are technically accountable to a number of different bodies, but not all of these exert pressure on them to improve. Responsibility for good trusteeship seems to lie in several places.

The board: It is the board's purpose to lead an organisation well, which includes performing its own role effectively. However, given that trustees are rarely held to account for their performance, they do not have external incentives to improve their performance. If they do not want to get better, they can simply choose not to, at least until something goes wrong.

Chief executives: A good chief executive will realise that his or her charity needs to have good governance systems in place. Most chief executives we spoke to see the board's performance as at least partly their responsibility, and many work hard to get the kind of board they want and need. However, some chief executives see their role as doing their best 'in spite of' their board, either because it is too difficult to change the board (for example, if there are strong, dominating personalities that would be hard to remove), or because they do not think it is worth having a good board.

The charity sector: Umbrella bodies such as the NCVO, acevo and local infrastructure bodies have encouraged charities to think about their governance. They see themselves as having some responsibility for educating charities about trusteeship and helping them to do it well.

Federal and membership organisations can also encourage good governance among their members, with the threat that if standards are

Box 5: Should trustees be paid?

There is a debate in the sector as to whether charities should be allowed to pay board members. Trustees can claim expenses, or can in some circumstances be paid for any extra services they provide for the charity. But charities cannot pay a trustee for being a trustee unless their governing document specifically says so, or if the Charity Commission or a court gives them special permission to do so.

Trustees have a range of responsibilities and potential liabilities, and being a trustee can take a lot of time. Some people think that it is unrealistic to expect people to do this without pay, especially in large organisations responsible for many important services. Others argue that having an independent, volunteer board is what makes the voluntary sector unique, and that losing this would have devastating consequences for charities and civil society.

One argument in favour of allowing payment is that this would make it easier to recruit a wider range of trustees. The argument is that there are people who cannot give up their time for free—single parents, people whose employers will not let them have paid time off to volunteer—who would make good trustees. Allowing small payments might entice such people to join boards. Some argue that paying trustees would give incentives to those with professional skills to join boards. This is a weaker argument, as those people are likely to be earning respectable salaries in their day jobs already, so will be less swayed by what will probably be a quite small trustee salary.

A second point is that there are lots of ineffective trustees who do not exert themselves to achieve more because they think that by just turning up to meetings in their own free time they are 'doing the charity a favour'. If the charity was paying for them to attend, they might feel a compulsion to put more effort into the role. Boards would also feel less guilty about removing trustees who are not making a useful contribution if the board member was being paid rather than volunteering.

However, many think that this would destroy one of the key pillars and identifying characteristics of the voluntary sector. It would also create many new problems. Paying some trustees and not others would affect board relationships and dynamics. There would be a hugely increased risk of conflict of interests arising: trustees are in charge of approving budgets—some of that might be for paying board members. Furthermore, recent experience in the private sector suggests that paying board members does not always result in good performance.

not up to scratch, charities can be removed from the federation (although this would only ever happen in extreme cases).

The regulators: The Charity Commission in England and Wales, the Office of the Scottish Charity Regulator in Scotland, and the Department for Social Development in Northern Ireland have a statutory responsibility to ensure that boards comply with charity law. They will investigate charities that appear to be having significant compliance problems, and can provide advice to boards. Furthermore, the Charity Commission in particular encourages good trusteeship as a way of promoting compliance and preventing any big issues arising. It produces guidance and research about trusteeship, and contributed to (and endorses) *Good Governance: A Code for the Voluntary and Community Sector*. Many trustees we spoke with saw the Charity Commission as the first port of call for

Good practice guidance often fails to take into account the many external factors and unique characteristics of the organisation which may affect its governance.

information about trustee responsibilities, and it seems to be much better known than other charity sector bodies.

However, the Commission does not have the resources to promote this work heavily, and its priority has to be regulation. There are some suggestions that it could be stricter about what it expects from boards, for example, by demanding statements about board evaluation. However, most experts think that this would be the wrong way to attempt to raise standards, and would cause increased resentment from small charities already overburdened with red tape. Perhaps the regulator could put greater demands on large charities that receive significant funds from the public and government, but NPC recognises that it has a difficult role to play in promoting and encouraging good trusteeship as best practice, while also enforcing basic compliance with charity law.

Some charities are accountable to other bodies, such as housing or childcare regulators, which can increase the amount of compliance requirements they face and put greater pressure on the board. Charities that are incorporated as limited companies also have to report to Companies House.

The government: As mentioned earlier, central government invests to improve the quality of governance, not least because it wants charities to be able to deliver more and better public services.

Funders: Some grant-making trusts and foundations are concerned about their grantees' governance, but realise that improving boards can be expensive and that charities may not prioritise it. Therefore some provide capacity-building grants to help charities improve their boards. For example, Northern Rock will offer funding for board development if the grant officer thinks the charity could benefit from it. City Bridge Trust also provides capacity-building support, particularly for smaller organisations. It recently tried to disperse grants specifically for 'strengthening governance' of second tier charities, but was disappointed by the lack of applications. This suggests that these charities were not prioritising governance issues or did not think they needed to improve their board.

NPC believes that funders can play an important role as 'active shareholders', encouraging charities to ensure good governance and refusing to fund them if they do not. However, there are many difficulties with this idea. Firstly, it is very difficult for an external assessor to judge how good a board is. Secondly, unless all funders move to this approach, it may not exert that much pressure. Thirdly, it could unfairly discriminate against charities that face particular barriers to improving their trustee performance, perhaps

due to their size or life cycle. Despite these concerns, there is probably still more that professional funders should do to encourage good trusteeship among grantees and ensure their funds are used wisely.

Contextual factors that affect board performance are often ignored

Good practice guidance also often fails to take into account the many external factors and unique characteristics of the organisation which may affect its governance.[23] These include:[24]

- **organisational characteristics**, such as the age of the organisation. The life cycle of a charity will impact on its governance, especially at key periods of change such as when it first employs staff, when its founder leaves, or when it goes through a period of significant growth.

- **characteristics of key influential individuals**, such as the chair and chief executive. Their experiences, age and personalities will impact on how the board functions.

- **the environmental context of the organisation**, such as the wider funding situation and the policy context. If these are changing it can have a direct effect on the charity's performance and therefore make the board's job easier or harder.

These factors mean that every charity is different. They cannot be controlled and their impact on governance can be good or bad. These contextual factors can cause problems even if a charity has good governance structures in place.

Improving trustee performance is difficult and expensive

Even if a charity is interested in the idea of improving its trustees' performance, it may find it difficult to do so in practice. Reading the available guides and information should help to clarify the trustees' roles and responsibilities, but it may be hard for the board to translate the information into practical improvements.

Many of the experts we spoke with believe that the best way to have a sustainable impact on a board is through bespoke help from someone with excellent technical expertise in improving governance. Such a consultant can help with issues such as procedures and compliance, but can also deal with personality issues by being an independent mediator. He or she can treat the charity individually, and work sensitively with any problems of poor performance.

But these services can be costly and are therefore options only open to charities with sufficient unrestricted funds. Charities often have many demands on their tight resources.

They may not see the benefit of investing the charity's resources into services to improve the board. In 2007, the trustee review service, **BoardsCount**, found that almost half of boards participating in its review had no training at all in the previous year and for the half that did, the average spend was only £1,000.[25]

Some charities may occasionally be able to secure *pro bono* support from a firm or individual to help them to develop their board.

Two key issues

Many boards face two key issues which hamper their efforts to perform their roles effectively: a lack of awareness among trustees about their role and responsibilities; and difficulties in finding new trustees.

Trustees do not understand their role

A commonly reported problem is that many trustees do not understand their role and responsibilities. If true, this obviously hinders their ability to do the job well. One indication of this problem is that fewer than half of Scottish charities surveyed for recent research have job descriptions for their board members, and acevo research suggests only 51% of trustees of its member charities who were surveyed do.[7, 17]

If people do not fully understand their role and purpose, even highly skilled people may fail to apply themselves properly.

Recruitment is difficult

Recruiting trustees is a challenge. This is because there is not a ready supply of people wanting to be trustees—because they do not know about the opportunities, or are put off by the responsibility and liabilities. The lack of coordination in a large and fragmented sector means that there is no easy way of finding those that are willing. As a result, many charities have spaces on their boards, and most charities do not have the luxury of choosing applicants with the most suitable skills. This means that boards may not have the best people on them.

Consequently, boards are often composed mainly of older people from professional backgrounds. Although these people may be experienced and have time to volunteer, most people believe that boards would be more effective, and more in touch, if they had members from a more varied mix of backgrounds.
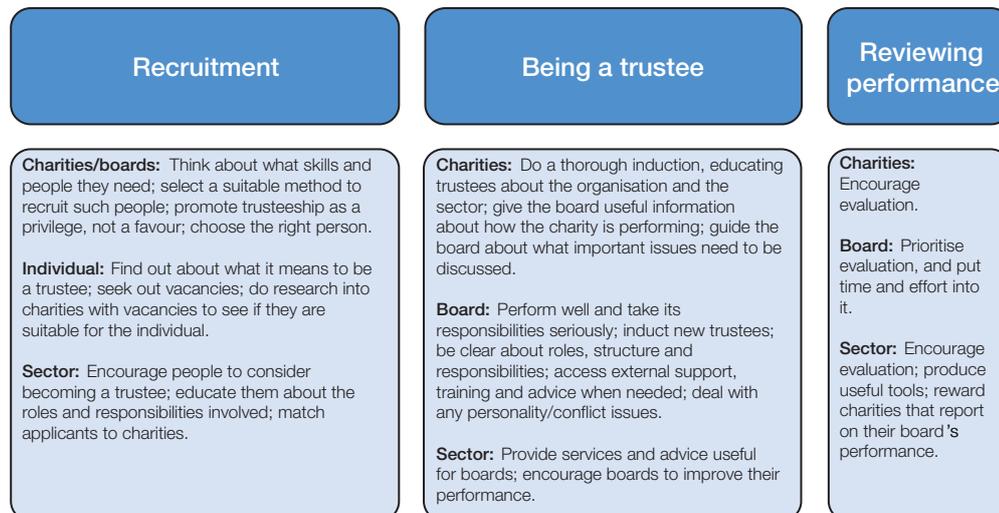
The rest of the report

The rest of the report discusses these issues in more detail and suggests some possible ways in which trusteeship could be improved further. The issues are grouped into the three main stages of trusteeship:

- **Recruitment:** getting the right people on board;

- **Being a trustee:** getting the most out of a board; and

- **Reviewing the board's performance**.

Figure 2 summarises the main issues that need to be addressed in these areas. It shows that the issues are different for individual trustees, boards, charities, and the sector as a whole.

Figure 2: Three main stages of trusteeship

Recruitment	Being a trustee	Reviewing performance
Charities/boards: Think about what skills and people they need; select a suitable method to recruit such people; promote trusteeship as a privilege, not a favour; choose the right person. **Individual:** Find out about what it means to be a trustee; seek out vacancies; do research into charities with vacancies to see if they are suitable for the individual. **Sector:** Encourage people to consider becoming a trustee; educate them about the roles and responsibilities involved; match applicants to charities.	**Charities:** Do a thorough induction, educating trustees about the organisation and the sector; give the board useful information about how the charity is performing; guide the board about what important issues need to be discussed. **Board:** Perform well and take its responsibilities seriously; induct new trustees; be clear about roles, structure and responsibilities; access external support, training and advice when needed; deal with any personality/conflict issues. **Sector:** Provide services and advice useful for boards; encourage boards to improve their performance.	**Charities:** Encourage evaluation. **Board:** Prioritise evaluation, and put time and effort into it. **Sector:** Encourage evaluation; produce useful tools; reward charities that report on their board's performance.

Getting the right people on board

This section is about the issues charities experience in finding people—and the right people—to become trustees. As with other volunteer recruitment, the initial challenge is convincing people to give up their free time for a good cause. **Many people are not even aware that charities need people to volunteer as trustees. If they are, they may be put off by the responsibilities and commitment involved in becoming a trustee. Even if someone wants to become a trustee, there is no easy way to find a charity with board vacancies.**

Because of these problems, charities often see recruitment as a desperate scramble to find anyone willing to be a trustee, rather than an opportunity to review the existing board and find a complementary member who can add value. In this way, the problems of recruitment directly affect the quality of boards.

The recruitment challenge

The scale of the problem

There are an estimated 820,000 trustees of active general charities in the UK. However, research suggests that 48% of charities have at least one vacancy.[14]

Vacancies on boards put additional pressure on existing trustees and probably mean that the board is missing some key skills or knowledge. It also means that charities may be less likely to think carefully about whom to select as trustees. In these ways, a shortage of trustees can lead to poor quality trusteeship.

Why recruitment is difficult

There are gaps on charity boards because charities find it difficult to find new trustees. The difficulties seem to have increased recently.[26] Every expert we spoke with—with the exception of some trustees of high-profile charities—confirmed that recruitment is a significant difficulty for many charities.

There are two main reasons for this: the lack of enthusiasm for and awareness of the opportunities to be a trustee among the public; and the technical difficulties charities face in finding new trustees. These are significant problems and cannot be easily overcome, as illustrated by the government-funded Get on Board campaign (see Box 6).

Lack of public awareness and enthusiasm

Less than 5% of people are aware of trusteeship as a way to support a charity, according to a survey undertaken in 2006.[27]

Even those who are aware of the opportunities to become a trustee may not want to give up their spare time. Although boards may only meet a few times a year, trustees are often required to dedicate time to other activities such as networking, fundraising, reading board papers and sitting on sub-committees.

Our research identified an additional barrier: some people do not think that they have suitable skills to become a trustee. They believe it is a role for qualified professionals. While charities and experts agree that skilled trustees are needed, most believe that enthusiastic trustees who are prepared to ask difficult questions can be great additions to boards.

According to people we consulted for this research, a further reason why some people do not want to be trustees is that they are worried by the potential liabilities trustees have. Given that society is increasingly litigious, they may be concerned that they will be held liable for the charity's error in a way that could at least harm their professional or personal reputation, or even result in them being chased

by creditors. Those most likely to be aware of the risks are professionals such as lawyers and accountants—exactly the people charities often want for their boards. Most experts point out that the fear of being held liable for an error is disproportionate to the chance of this happening in reality. As already noted, the Charity Commission states that *'a conscientious and committed trustee need have few worries about personal liability.'*[6]

The lack of awareness and enthusiasm about becoming a trustee means that the pool of potential trustees is too small to make it easy to find new recruits. This is a shame, because trustees say that they benefit personally and professionally from the role, as it gives them the chance to use their skills in a different context and to work with an interesting group of people for a social good.

There is no joined-up recruitment system

The second main problem with recruitment is that there is no simple and accessible system for potential trustees to find charities or for charities to find trustees.

Charities which have the available funding can pay to advertise their vacancies in the media, or even buy the services of a recruitment firm, but few can afford it. Charities can also advertise their vacancies online, often for free, on volunteering websites such as do-it.org.uk and TimeBank, and specialist trustee websites such as Charity Trustee Networks. Charities can also register their vacancies with their local volunteering centre. However, these methods rely on people knowing that such websites and centres even exist, and then searching through vacancies or contacting their local volunteering centre.

In the absence of a single joined-up system to match potential trustees with charities, most charities use their existing networks to find new board members: 81% of charities rely on word of mouth to recruit trustees.[26]

For potential trustees, the lack of coordination means that they must find their way through a maze of different websites to find vacancies, and then contact individual charities directly. This is likely to exhaust the patience of many aspiring trustees.

Board diversity

Most charities still recruit from friends, family and existing networks, so boards are very homogenous. Almost every expert we consulted is concerned about this lack of diversity. Although retired professionals are likely to have the skills and time to be good trustees, most believe that greater diversity would improve the quality of boards.

Box 6: The Get on Board campaign

The government-funded campaign 'Get on Board' illustrates the difficulties in recruiting new trustees. The aim of the campaign was to raise awareness of trusteeship and to encourage people to become trustees. It focused on increasing interest among young people and people from black and minority ethnic backgrounds.

The campaign was run by the Governance Hub (a government initiative run by charity sector infrastructure bodies), with the Charity Commission and Volunteering England. It first worked with charities to encourage them to publicise their vacancies through volunteering websites and local centres.

It then ran a public campaign from January to March 2007, raising awareness of the option of volunteering as a trustee and encouraging people to register their interest in becoming trustees.

As a result, 2,585 people registered their interest. However, only 9% of these people who were surveyed a few months after the campaign had secured trustee positions.[27]

The campaign did not have the impact it could have had because there was not the infrastructure in place to match potential trustees with charities that need them. The local volunteering centres were supposed to contact people registering their interest, but they did not have the capacity to do this. Of those who registered, 42% surveyed said that they had not become trustees because no one contacted them.[27] Most registrants have full-time jobs and would appreciate, and respond to, some personal contact.

The campaign's evaluation summarises respondents' experiences, and highlights the need to build the capacity of the sector's trustee recruitment infrastructure:

'Respondents said that to help more people become trustees, more proactive contact is needed after the registration process, and that opportunities should be brought together in a central place that can be accessed online, potentially with a mailing list so people could receive "trustee alerts".'[27]

An interesting fact is that smaller charities tend to have more diverse boards.[7, 25] There are several possible reasons for this. Firstly, large, high profile charities are more likely to attract well-known people (likely to be from certain backgrounds), who might want to be trustees of such charities for the wrong reasons: to add a 'trophy' to their CVs, or to use it as a networking tool. Another reason is that smaller charities may also be more in touch with their local community, so better able to attract a more diverse group of people.

The nature of diversity

Age

The lack of diversity is most acute in the age profile of board members.

Figure 3 shows the ages of trustees held on the Charity Commission's register. Almost half of trustees are aged 60 or over. A survey conducted by Charity Governance of chairs of 100 top charities showed that nearly two-thirds of chairs were over the age of 60.[28]

81% of charities rely on word of mouth to recruit trustees.

Figure 3: Age of trustees: percentage of trustees in each age band[2]

1.9%
10.0%
21.0%
19.6%
25.8%
21.6%

Legend:
- Under 30
- 30-39
- 40-49
- 50-59
- 60-69
- 70 and over

Almost half of trustees are aged 60 or over.
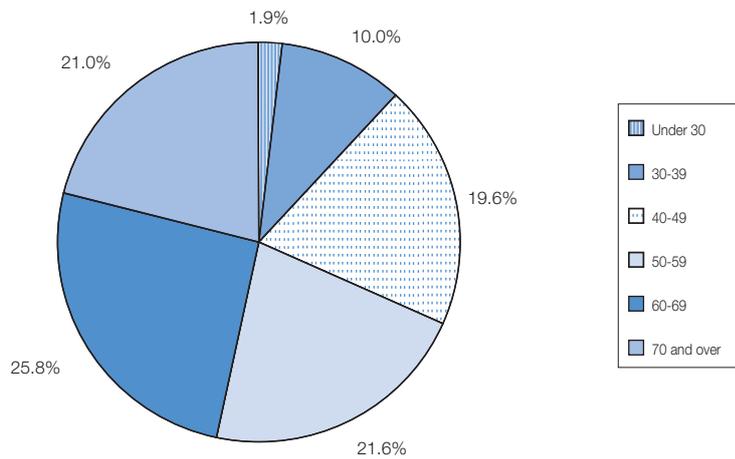
Gender

Gender diversity is far less of an issue. Among charity trustees in England and Wales the split between men and women is roughly equal according to the Charity Commission—around 55% of trustees are male.[29] However, this is still an issue in the more prestigious positions, for example, as trustees of large charities or as chairs. A survey by Charity Governance of the top 100 charities showed only one in five chairs was female, and only 29% of trustees in large organisations are women.[7, 28]

Background and ethnicity

Although there is a perception that people from black and minority ethnic (BME) groups are not represented on boards, it is difficult to find evidence to support this. One survey quoted by acevo found that 7% of trustees in large organisations are BME, which is only just under one percent less than the proportion in the country.[7, 30]

Experts also expressed concern that only people from certain socio-economic backgrounds become trustees—it is seen as a very middle class thing to do.

Why lack of diversity is an issue

People are concerned about the lack of diversity because it means that large sections of the population are not having a say in how charities are run. Their skills, experiences and energy are not being harnessed. This is a particular issue for charities working to promote social mobility and diversity, such as those that work with disadvantaged young people, especially if they struggle to involve users in other ways.

Another concern is that if a board is very homogenous, it risks falling into certain habits and becoming less able to challenge or change its behaviours. The leadership expert Julia Middleton warns of the risks of falling into this 'group think' attitude.

A recent book by an American academic drew together evidence about the benefits of having a diverse group of people working together on problems. So long as they all have the same ultimate aim, a group of people with different perspectives and approaches will come up with better solutions than less diverse groups. People of different ages and ethnicities are likely to think differently: therefore having a good mix of people on boards will benefit charities.[31]

It is important to note that lack of diversity is not confined the British charity sector: private, public and American nonprofit boards are similarly lacking in diversity. For example, the Higgs Review of 2005 into the effectiveness of non-executive directors in the private sector found that only 6% of posts were held by women and only 1% by people from black and minority ethnic groups.[32]

Ways to increase diversity

The main challenge is to broaden the age profile of trustees by encouraging younger people to become trustees.

In order to examine how this can be achieved, it is necessary to understand why older people tend to become trustees. There are two main reasons. Firstly, the time involved in being a trustee can be significant, so those who have the most spare time (eg, the retired) are most likely to put themselves forward. Younger people in full-time employment may not be entitled to time off for volunteering, or may have children to care for.

Secondly, older (especially professional) people are probably more likely to be aware of the existence of trustee boards—perhaps because they have friends involved in charities, or because their work means that they have an understanding of how organisations are governed. They are also more likely than young people to think that they have something useful to offer.

Therefore a first step to increasing diversity is spreading awareness about the shortage of trustees, especially young trustees, and the fact that anybody with an interest and passion for a cause can become a good trustee. This is difficult to do at the level of each charity, so should probably be done through existing umbrella and volunteering bodies.

Some argue that allowing charities to pay trustees—at least for their time—would attract a broader range of trustees (see Box 5).

To get young people on board, employers could be encouraged to offer paid volunteering time. This is currently up to individual employers, whereas employees have a statutory right to time off for trade union activities.

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Just offering time off may not be enough: employees may worry about taking it and being seen as not committed to their paid job. To tackle this, employers need to be encouraged to view trusteeship positively. **Getting on Board** is a charity set up to encourage employers to take trusteeship seriously (see Box 7). Employers who currently support ad hoc volunteering, such as painting walls of a community organisation, could instead help staff to have a more lasting involvement with, and impact on, a charity.

Charities themselves also have an important role to play—if they work hard to improve their diversity, they may be able to overcome many of the obstacles outlined. **St Basils** is a large youth homelessness charity in the Midlands. It actively seeks to have a board that is representative of the community it serves. As a result, 20% of its trustees are from black and minority ethnic groups. If other charities sought to increase their diversity, they might be equally successful at doing so.

Recruiting trustees

This section looks at how recruitment is carried out, and highlights where it is going wrong.

It is important to note that recruitment is not an issue for all charities. Well-known national charities have people queuing up to join their boards, as do some smaller charities with particularly good reputations or links with their local communities.

An underlying issue is that there is a worrying mindset in some charities that if someone is willing to become a trustee, he or she is doing the charity a favour. Instead, trusteeship should be seen as a privilege by both trustees and charities.

Before recruitment

Before seeking new trustees, charities should spend some time thinking about the type of people they need, as they would do before recruiting for a paid position in the charity. This would help them to identify the skills, experiences and personalities that will help the board to progress. Spending some time thinking about this improves the recruitment process—both in choosing the method of recruitment, and when selecting the successful applicant.

While this is accepted best practice, it is rarely done. Those charities who find it hard to get trustees will just accept any keen applicants, often friends of existing trustees. Meanwhile, those organisations which are lucky enough to attract high-profile, very experienced people asking to sit on their boards may not find it easy to turn them down.

As one expert put it, a lot could be achieved if charities were to *'just stop and count to ten'* before rushing into recruitment.

Methods of recruitment

There are various ways of finding new trustees. The most appropriate method depends on the charity and the type of trustee it is trying to find, and each approach has its advantages and disadvantages. The main methods fall into three categories: 'word of mouth'; advertising; and using professional recruitment firms. Table 1 shows the main advantages and disadvantages of each approach.

'Word of mouth'

Using a charity's existing personal and professional contacts is the most common method of recruitment. Charity Commission research suggests that 81% of charities still rely on their existing networks to find new trustees, and even very large charities rely on this approach.[26]

What this looks like may vary. A national charity with a high-profile board may be able to recruit skilled, professional board members this way. A medium-sized organisation with good partnerships with local services may be able to find trustees who are already familiar with its work. For tiny local charities, it is most likely to be friends and family of the existing trustees who see joining the board as helping out their friends, or local people who benefit from the charity's services.

So long as a charity has enough contacts, this can be a relatively pain-free and successful approach.

Only 6% of charities use press advertising to recruit new trustees.

Box 7: Getting on Board

Getting on Board is a registered charity which was set up in 2004 to strengthen the governance of charities, schools and public bodies. It does this mainly by working with employers to encourage their employees to volunteer as board members.

The charity promotes board level volunteering mainly by running seminars for employees of private and public sector organisations, explaining the benefits of volunteering for both the individual and the organisation. One aspect of working with these organisations is to encourage them to incorporate board-level volunteering into their leadership development programmes, especially for young talented employees. This could be a useful way of encouraging more young people on to the boards of charities.

The charity also campaigns more widely for more highly skilled people to volunteer on boards by writing articles and targeting established networks of professionals through professional associations such as Institute of Chartered Accountants in England and Wales.

In September 2008 Getting on Board started a brokerage service to help potential volunteers find appropriate organisations. This recognises that many good candidates can find the prospect of searching for opportunities off-putting and difficult.

Advertising

Charities can also advertise their vacancies: in the press (local or national); on one of the many volunteering/trustee websites; or with a local volunteering centre. The cost of advertising ranges enormously, from free to very expensive.

Though most people agree that there has been a trend towards an increased use of advertising as a way to find new trustees, it is still very rarely used. A Charity Commission survey from 2005 found that only 6% of charities use press advertising.[26] Why is this so low? Charities that are able to find suitable candidates through their networks will be unlikely to change their ways, especially if they are unwilling to turn down people they know who offer to volunteer their time as trustees. They may also be put off by the idea of complete strangers applying—recruiting from their networks offers the comfort and security of a level of existing familiarity.

Table 1: Advantages and disadvantages of different methods of recruitment

Method	Advantages	Disadvantages
Word of mouth	It is a very inexpensive method of recruitment. It does not involve the hassle or time commitment of sifting through applications or rejecting people who have offered to volunteer their time for charity. The new trustee will have some link with the charity. This may be a personal or a professional relationship. This makes it more likely that the person cares about the organisation and understands, at least in part, its work. If he or she is a personal friend of an existing trustee, it makes it more likely that the new recruit will get on with the other members of the board. The potential trustee does not have to do as much 'due diligence' on the charity—as a result of a friend or colleague recommending it, he or she is likely to have some faith in its work and reputation.	Word of mouth recruitment means that charities are recruiting from quite a narrow pool of people, and that new trustees are likely to be from similar backgrounds as the existing board. It therefore breeds homogeneity, creating a board with similar experiences and views. This can prevent the board from providing thorough critical oversight of the charity. It may also be hard to recruit people with specific skills in this way.
Advertising	Advertising extends the pool from which new trustees can be recruited. It can give charities a chance to find people with specific skills, experiences and backgrounds, and an opportunity to revitalise the board and bring in new opinions and ideas.	Advertising can take up a great deal of time and resources. Press advertising—if through a national newspaper—can cost several thousand pounds. If the advert is well publicised, it may result in a charity being overloaded with applications. These will need to be assessed, and potential trustees will need to be interviewed, and if not suitable, rejected. Advertising relies on people being willing to look for vacancies. Also, senior-level professionals may expect to be personally approached about trustee positions, rather than respond to vacancies.
Recruitment firms	Bespoke recruitment is most useful for large charities seeking experienced professionals with specific skills, such as chairs or treasurers. Specialist recruitment firms will also spend time helping the charity to think about the skills and characteristics it needs to complement and add to its existing team.	Recruitment firms can be very expensive, costing many thousands of pounds, and are beyond the reach of all but the wealthiest charities. While recruitment firms are well placed to find experienced, professional people, these people often have many other commitments.

A significant problem is that there is no single place or mechanism to match charities with potential trustees. Charities can post vacancies on many sites, and applicants can register with their local volunteer centres. But as the Get on Board campaign found, these two sources are not easily matched. It is worth comparing this disjointed system with the coordinated approach to finding school governors—the School Governors' One Stop Shop (see Box 8). The Charity Commission has recently announced that it is looking into tackling this problem, by working with bodies such as the School Governors' One Stop Shop and the Appointments Commission, which is responsible for appointing non-executive directors of National Health Service boards. This is encouraging, and suggests that the sector is taking on the issue raised in the Get on Board evaluation.

Recruitment firms

Charities can pay private recruitment firms to find top level trustees. This is still very rare as it is so expensive—only 1% of charities surveyed by the Charity Commission in 2005 said that they use a trustee brokerage service, though 5% of large charities surveyed do.[34] However, the trend seems to be increasing.

Appointing trustees

Choosing between potential trustees is usually a luxury. However, when a choice has to be made, it is made easier if the charity has already carefully thought about what kind of person it is looking for.

Even if the recruitment process has been managed well up to this point, charities can still fail at this last stage. Many of the experts we spoke to highlighted two common pitfalls.

The first is that charities can be overly impressed by someone with a commercial background (even if he or she does not have the skills the charity is looking for). They believe it will improve their board and make them look impressive. However, being a good business leader does not necessarily mean the person will be a good trustee—he or she needs to apply his or her skills and experience effectively to make a useful contribution. One trustee from a corporate background felt that his peers saw being a trustee as having *a nice quiet meeting to pop into on the way home*. As one funder put it, *'Tigers turn into pussycats when they turn up to board meetings'*. Good skills alone do not make a good trustee—passion and integrity is needed too.

Box 8: A one-stop shop for trustees?

If you want to become a school governor, the government-funded charity School Governors' One-Stop Shop is an excellent starting point. Applicants can see which areas need governors and can fill in a quick application form. Applicants are then contacted shortly after by their local authority, which gives them more information about becoming a governor and looks for positions. However, even with this coordinated system, there is a similar shortage of school governors.[33] This suggests that the more significant problem is that there are few people interested in becoming a trustee/governor in the first place.

There are two important differences between the school governor world and the charity sector. Firstly, schools are very similar to each other, whereas charities can be incredibly different. An applicant to be a school governor in their local area is unlikely to worry about which school, whereas they may have strong preferences about becoming a trustee of a homelessness shelter or a cat sanctuary. Secondly, local authorities are well-resourced to support local governors, whereas local volunteering centres are not.

However, the Charity Commission has recently announced that it is looking to create a better system to match potential trustees with charities. It is working with a number of partners to do this, including the School Governors' One-Stop Shop.[18]

The second risk is that given the opportunity, many charities will appoint someone just because he or she is a 'big name'. The danger is that this person will not have enough time to become a great trustee as he or she will inevitably have many other positions and responsibilities. As one expert put it, *'There is often an inverse relationship between the "greatness" of the name and how good a trustee they are.'*

One concern is that very few charities check references—only 23% *'carry out checks on the eligibility of prospective trustees to serve on the board'*.[26]

Trustee term limits

Experts believe that it is good practice for trustees to be appointed for a limited term, eg, for three years, after which time they would need to be reappointed. This makes it easier for boards to remove trustees who are not making a contribution. Some charities also have a limit on the number of terms a trustee can serve, in order to ensure that the board has a healthy turnover and that new trustees are regularly brought in (see Box 1). However, when the board is functioning well, it is tempting to retain members for long periods of time, especially when it is so difficult to find new trustees.

Conclusion

Many charities face substantial challenges in finding good trustees, and many people who could be making a great contribution to boards do not consider applying to be a trustee.

> There is often an inverse relationship between the "greatness" of the name and how good a trustee they are.

There are several issues that need to be addressed to improve the situation:

- There needs to be much greater coordination between the different recruitment websites to make it easier to match potential trustees with charities that have vacancies. The current system is inefficient and might discourage willing applicants. Some sort of 'one-stop shop' or at least one central portal linking to vacancies needs to be set up, and NPC is encouraged that the Charity Commission and others are looking into this.

- There is a need to raise the profile of and interest in trusteeship, especially with young people. This will be a difficult job, and will involve a significant shift in people's attitudes. It should not be done without also improving the recruitment infrastructure.

- Charities should be encouraged to take recruitment seriously, as they would for any paid job, and should think carefully before appointing someone to their board. Charities and applicants should see trusteeship as a privilege, not as a favour for the charity. Charities should select people because of what they can contribute to the board, not for their 'greatness'.

Photograph supplied by Credit Action

Getting the most out of boards

A board should be an asset to a charity, adding value to the organisation. The role should be taken seriously by trustees and charities.

This section looks at what boards are for, what they should be doing and why boards sometimes fail to reach these best practice standards.

An underlying question throughout this section is: whose responsibility is it to be the catalyst for improvement? Boards are rarely held to account and there are few external pressures to improve their performance.

How boards function

Boards are responsible for many aspects of a charity—but they do not have to do them all. Boards typically meet only a few times each year, and carry out their responsibilities by delegating tasks to sub-committees or to individuals within their organisations.

The key factor in successful delegation is to have high quality staff and other experts to delegate to. Even when this is the case, trustees must be aware that they are still responsible for the delegated work.

Trustees should also realise that if they choose to delegate the work, it is not appropriate for them to interfere. This may be more difficult to do in small charities, where the people on the board may also be involved in managing and carrying out the activities of the charity, as well as overseeing its governance. But even here, they should be aware that these are two very different roles.

However, it is appropriate for trustees to provide oversight of activities and decisions made by staff. Indeed, this is a key role of trustees of a staffed charity—being a 'critical friend' to the charity's senior management team, discussing and critiquing its suggested plans. This ensures that the charity is being well run and that important decisions are carefully thought through. As one chair put it, *'There is no decision that cannot be improved by being challenged constructively by intelligent people.'*

The trustees are also responsible for managing the chief executive if there is one—providing him or her with guidance, support and appraisals. The board also holds the management to account regarding its achievements and

failures. Another chair quoted Ronald Reagan when describing his philosophy to overseeing management: *'Trust, but verify'*.

Benefits of a well organised board

If a board understands its role and undertakes it well, it can yield many benefits for the charity. It means that staff can focus on doing their jobs well, knowing exactly what their responsibilities are. A good board will provide praise and support to a management team that is achieving its goals, which will inspire the management to push themselves further.

The charity's strategic plan will be ambitious, core to its mission but achievable, having been carefully discussed and appraised by the board. The charity's board, staff and the public will have a good understanding of the charity's financial situation thanks to clear and transparent accounts.

The staff will raise important problems and risks with the board, which will deal with them in an appropriate and timely manner. If the charity encounters any problems (for example, a staff member claiming to be a victim of bullying, or a complaint from a beneficiary) it will have the policies and procedures in place to resolve them quickly.

Boards in practice

Although the responsibilities of the board are reasonably straightforward, few boards appear to achieve their full potential. This seems to be due to two main issues.

The most common observation from the people we spoke to was that boards do not adequately understand what they should be doing.

The most common observation from the people we spoke to was that many boards do not adequately understand what they should be doing. Consequently, many limit their efforts to managing compliance issues, ignoring the longer-term strategic questions and whether the charity is achieving as much as it could or should for its beneficiaries. A further consequence of not understanding their roles is that trustees often get too involved in operational matters, undermining the authority of staff.

A second apparently frequent problem is that boards can be rendered utterly dysfunctional as a result of personal differences between members of the board or between the board and the chief executive. Boards that are caught in this type of conflict often fail to fulfil their duties and do not adequately probe management decisions. This can also occur when there is a particularly dominant chief executive and a weak board. The risk of this is especially high if a charity was founded by the chief executive or someone on the board, who still sees the charity as 'theirs'.

As one charity chief executive we spoke to explained, *'It's no wonder most boards are dysfunctional—they are made up of an odd mix of people, who joined the board for different reasons, and only see each other four times a year.'*

However, it is important to note that many boards do not have these problems and function extremely well. In spite of the difficult role played by trustees, the challenge in finding good trustees and the huge variation across the sector, almost all boards appear to fulfil their main obligations. The quality of the guidance and toolkits about governing and managing charities has increased over the past decade, which many think has helped to begin to improve the overall standard, though there is still a long way to go.

As well as these internal factors, boards are affected by external issues. For example, despite attempts to make regulation proportionate to a charity's size, small charities still face significant problems in ensuring that they comply with the relevant laws and regulations, in a way that is disproportionate to the potential damage that they could cause.

As mentioned earlier, other factors that will affect the board include: the maturity of the charity; characteristics of key individuals; and external factors, such as the funding or policy environment.

Areas for improvement

NPC's research indicates that there are four main areas in which boards could improve their effectiveness:

- by understanding their roles and responsibilities better;

- through better induction;

- by supporting board and charity leadership; and

- by ensuring appropriate structures and processes are in place.

Some of these areas can be tackled by individual boards, perhaps with some encouragement from umbrella bodies, funders and regulators. Other problems are more significant and would require a sector-wide cultural or regulatory change.

Trustees' understanding of their roles and responsibilities

The most commonly reported problem, and a cause of other problems, is that many trustees do not fully understand their roles and responsibilities. This is not surprising given the range of responsibilities and that so many trustees are recruited by word of mouth.

Every expert we spoke to is concerned about this. A small survey of trustees for the Governance Hub in 2006 suggests that some trustees themselves are also worried—only 6% agreed that trustees usually have the skills needed for board membership and that *'further learning was not a priority'*, and 42% of respondents said that trustees were not offered enough opportunities to learn about their roles.[14]

This lack of understanding persists, despite the availability of a huge range of literature and information about trusteeship. Many trustees are simply unaware that there is more to being a trustee than what they know. This could just be because the resources and support have not achieved the necessary reach to influence behaviour, because they are often not sufficiently marketed.

It also appears that the information is not having the intended impact for several other reasons. One is that although there is a lot of information, it sits in many different places making it difficult to find what you want. A trustee can be easily confused and overwhelmed by the guidance.

Another reason is that the information is not always appropriate for the charity. This is not surprising given the variation across the sector—a 'one size fits all' approach can be ineffective.

Another possible cause of the ignorance of some trustees is complacency: some trustees may take the attitude that they are doing the charity a favour by being a trustee and that because the work is voluntary it is less important than a paid job. Thankfully, this does not seem to be a common complaint, and most trustees are recognised as being keen to do as good a job as possible.

What can be improved

There is plenty of information available explaining the role of a trustee and guidance about how to fulfil that role well. However, it seems that this information is not being accessed or used as much as it could be. This could be improved in three main ways:

Make the information easier to find. This could be achieved through several means:

- Make sure that trustees know it exists. This requires an active communication effort rather than hoping trustees will spend time looking for information.

- Provide certain information directly to trustees. However, there is risk is that this would result in trustees being bombarded by irrelevant information. It could also be rather expensive due to the number of trustees involved.

- Set up and publicise a website that can coordinate access to information and direct individuals to the information they need.

Make the information more relevant. A common complaint was that information is often not appropriate for all charities, although it is written as if it should be. Greater recognition of the variation amongst charities may improve this. The bodies behind *The Good Governance Code* are considering creating codes for different types of charities, eg, arts organisations. There was also a plea for more easy-to-read guides, written in plain English but without being too basic and patronising.

Encourage trustees to seek out information. This will always be a challenge in the voluntary sector, but more could be done to emphasise the importance of the role of trustees.

These goals are most likely to be achieved if all types of organisations play a role—umbrella organisations, regulators, charities themselves and trustees.

Induction

Trustees new to a board—even if they have board experience elsewhere—should be given a good induction so that they understand their role and can contribute effectively as soon as possible. Poor inductions could result in many of the problems discussed in this report.

Induction should cover a range of issues, including:

- what it means to be a trustee: both the legal requirements, and the best practice principles of good trusteeship;

- what it means to be a trustee of this specific charity;

- what the charity does, how it operates, how it is funded;

- what are the wider sector issues, in order to understand the charity's context—both the charity sector in general, and the sub-sector this charity focuses on (eg, older people); and

- how the board operates.

This is not an exhaustive list, and more information about good inductions is available in publications such as *The Good Trustee Guide*.

A good induction takes time and requires effort from a charity's board and staff. Depending on the trustee and the charity, it may involve paying for training—for example, to educate the trustee about his or her financial and legal responsibilities.

Most charities say that they induct new trustees. However, the quality of induction appears to vary and is often poor, particularly around what the roles and responsibilities of trustees are. For example, only around two thirds of charities surveyed by the Charity Commission in 2005 say that they provide trustees with copies of the charity's governing document and old minutes.[26] What a charity calls an induction may just be a quick meeting with the chair.

Many people commented that even if a new trustee is inducted well, it can take a while—perhaps even 12–18 months—for him or her to start to really add value to the board.

What can be improved

Poor inductions could be a partial cause of many of the issues discussed throughout this report, such as trustees having a poor understanding of their responsibilities and not fulfilling their strategic and 'critical friend' roles.

Therefore improving inductions should be a priority for charities wishing to increase their boards' effectiveness, and they will have to be prepared to spend time undertaking them.

At the very least, it should become standard practice that new trustees should be given basic information about the charity and its board (such as accounts, minutes and governing documents). They should also be directed to sources of support and guidance about being a trustee: website, booklets, and networks.

Box 9: Why outcomes matter for trustees

NPC's purpose is to encourage charities to become effective. We believe that understanding what a charity achieves is fundamental to this. If a charity does not know what the results are for the beneficiaries of its projects, it cannot think strategically about how to allocate its resources. It may be investing precious funds into activities that are not making much of a difference.

For this reason, we believe trustees should create a results-oriented culture in their charities. It means that the staff should be able to give the board useful information about what the charity is achieving. This will help the board to direct the charity's strategy, and hold the management to account for its work. Ultimately, it means that the charity will make a bigger difference to the lives of the people it was set up to help.

A good starting point would be if new board members were given the Charity Commission's publication *The Essential Trustee*. It would be expensive for the Charity Commission to send this to every new trustee, but it might be possible to ensure every chair has a copy which could then be made available to each board member. A summary of the document is currently sent to newly registered charities.

Board and charity leadership

The main role of the **chair** is to manage board meetings. However, the role is often much wider than this: chairs represent the other trustees and are a conduit of information between a charity's staff and its board. Chairs manage boards and help trustees to develop. They set the framework to enable good trusteeship and ensure that trustees are making significant contributions.

Everyone we consulted with highlighted the importance of having a good chair. Meetings are where the bulk of a board's important work is done: this is where a board discusses the charity's progress, makes decisions about its direction and asks questions of its management. A good chair will be able to get the most out of these meetings—which are often only once every few months—by thinking carefully about their arrangement (timing of meetings; content and sharing of board papers) and then using communication and interpersonal skills to manage meetings well.

Chairs set the tone of a board—they can encourage a positive, open and active mood, which leads to better discussions and better decisions. They can help to deal with any potential personality clashes by ensuring that everyone's view is heard and that trustees are clear about why they are on the board.

A good chair will spend time outside the meetings ensuring that the board's work is going well. This could involve meetings with staff to get a good understanding of the issues on the ground, and speaking with other trustees to make sure that they are happy with their role and feel that they are making a contribution.

The **chief executive**, if there is one, also has a crucial role to play. He or she is responsible for feeding accurate and relevant information to the board about the charity's performance (see Box 9). Chief executives can also encourage the board to ask the right questions—helping it to think strategically rather than only about the short term.

The board has the important responsibility of appointing the chief executive, managing him or her and, if he or she is performing unsatisfactorily, dismissing them.

The chair and the chief executive, and the relationship between them, can make or break a board. For example, if the chair does not have the respect of the board, is too dominating, tries to do the chief executive's (or the board's) job, or does not encourage the board to think constructively, there could be significant problems.

Similarly, if a chief executive fails to provide his or her board with the information it needs to make decisions, or does not encourage the board to challenge management, the board will not be able to do its job properly.

What can be improved

The chair has a very difficult role, and good chairmanship seems to be an art. The existing guidance about good trusteeship does not provide much guidance for chairs, and there is not much hands-on support for them. As one mapping report concluded: *'chairs are less well supported to fulfil their particular roles than are trustees generally.'*[35]

Therefore there seems to be a need for more support for chairs. This could be direct support such as information or training, or less formal support such as through networks.

There certainly appears to be popular demand for better networking or other peer support to help chairs learn from each other, particularly for chairs from charities working in the same sub-sector. Some of this does exist at the moment: **NAVCA**, the umbrella body for local infrastructure organisations, runs an email network for chairs of its members; a **Network of Women Chairs** meets every few months in London; and some local chairs' networks flourish thanks to local involvement. **Charity Trustee Networks** runs a newsletter for chairs, keeps a list of local networks they can join and can put individuals in touch with each other (see Box 10).

Having clear job descriptions for chairs and chief executives that carefully delineate their roles and responsibilities can help to deal with issues such as conflict and overly dominant chairs. But charities can go further. For example, the homelessness charity **Thames Reach** has a 'Senior Independent Director'

on the board, whose role is to ensure that the chair receives a full appraisal, and that the power balance between the board and senior management team remains healthy.

Structures and processes

As discussed earlier in the report, there is huge variation across the charitable sector in terms of size of organisation, source of funding, nature of work and stage of maturity. For these reasons the work of trustees can be very different from one charity to the next, and the governance structures and processes should reflect this.

However, there seems to be one standard governance structure: that of a non-executive board of volunteer trustees with ultimate responsibility for the work of the charity.

In practice, there is some variation around this standard model. For example, chief executives and other senior staff often attend and contribute to board meetings—only 3.3% of chief executives surveyed by the umbrella body acevo do not attend board meetings. Some charities go even further and have senior staff formally on their board, thereby making them hold ultimate responsibility for their actions—an approach acevo supports. Currently only 5.2% of acevo members are officially on their charities' boards.[7]

Other structures involve using willing volunteers in other ways to contribute to the organisation. For example, if they are experts in the field it might be more appropriate for them to sit on an advisory board, rather than the trustee board. Many charities involved in medicine or scientific research have such arrangements, such as **Cancer Research UK** (see Box 1).

Large charities that represent other charities or people—umbrella bodies, membership organisations, federal charities—often have more complex structures. For example, the board might be made up of senior staff of the charities' member organisations. However, this often results in very large boards where each member prioritises the interest of his or her own organisation. An alternative structure is to have an independent external board, complemented by a steering group of member representatives. **Youth Access**, the umbrella body for youth advice and counselling services, recently put in place such a structure having realised its previous board—composed of staff from its member organisations—was not performing some of its roles effectively.

In smaller charities, governance is likely to overlap heavily with the management of the charity. This could perhaps be better discussed in the guidance, to recognise that trustees are often not just volunteering to govern but also run the organisation. Trustees of small charities

Box 10: Charity Trustee Networks

Charity Trustee Networks (CTN) is the national support organisation for trustees. It aims to be a central point for trustees, where they can come to find information, advice, services and support. CTN is a small charity and works closely with a wide range of partner organisations including the Charity Commission, Office of the Third Sector, NCVO, NAVCA and many others. CTN publicises events, training, resources and consultations of interest and use to trustees, mainly through its website.

Over 2,000 trustees have registered with CTN and receive regular updates on issues relevant to trustees and charities. CTN also encourages trustees to support each other and share their experiences through networking. It supports organisations around the country to run trustee networks and works with partners to create networking opportunities for trustees.

must, as one chair put it, *'be prepared to get their hands dirty'* much more so than trustees of larger, staffed charities.

Many boards also have honorary officers such as treasurers, who interpret and explain financial information, and structures such as sub-committees made up of trustees, staff and others, which can focus on issues such as operations or fundraising.

There is a risk that boards will not make the effort to understand the work of the sub-committee, despite the fact that the whole board is responsible for its decisions. The charity **Maggie's Cancer Caring Centres** has decided not to have a finance sub-committee, in order to ensure that the whole board feels responsible for, and therefore pays close attention to, the charity's finances.

As with advisory boards, sub-committees can be used to involve volunteers who want to help the charity without being full board members. For example, the national youth charity **Depaul UK** recruits extra volunteers onto its sub-committees, which brings in additional expertise and resources as well as acting as a source of future full members of the board.

What can be improved

Charities should be encouraged to think about what structure best suits their needs

The *Good Trustee Guide* suggests taking a flexible approach: creating sub-committees when the need arises and disbanding them when it is fulfilled. This approach might help to tackle the issue of board members ignoring the work of ongoing sub-committees, because they assume, wrongly, that it is not their responsibility.

It is not clear whether boards have the skills necessary to set up the best governance structure for their charity. If the trustees do not fully understand their role and purpose, they may not have the confidence to modify the board's structure.

There is a risk that boards will not make the effort to understand the work of the sub-committee, despite the fact that the whole board is responsible for its decisions.

Supporting boards

The voluntary nature of trusteeship means that any initiative to improve it should aim to encourage and provide support to boards, rather than legislate for change or set up mandatory requirements. The risk of the latter approach is that people do not volunteer to become trustees making the situation even worse.

Trustees should have access to advice and support to help them to fulfil their role and improve charities' performance.

There are lots of guides, websites and services available to help boards, most of which help them fulfil their roles as trustees rather than become good trustees. This is clearly important, and our findings suggest that there are still large swathes of the sector which do not even understand their basic responsibilities, suggesting that more can be done at even this level. But more could be done to support trustees who want to achieve more.

Information and services for trustees are available through a range of methods. These approaches and their advantages and disadvantages are outlined in Table 1.

Additional suggestions

Despite the huge range of information and services available, there is still a need for more work. Some ideas include:

Rebranding trusteeship: Trusteeship should be seen as a professional role which requires skills over and above those that a trustee may already have. Some even suggested that it should be an accredited profession, requiring compulsory training or qualifications. This is unlikely to work in practice as it may act as a major deterrent to potential trustees, as well as requiring significant resources to implement.

User-friendly guidance: Despite the huge range of available guidance, there are few guides that are easy-to-read and written from the point of view of a trustee. This could help to educate trustees about the realities and practicalities of the job, without being a legal document. It could also be more flexible about how organisations should be structured, encouraging charities to experiment with structures and procedures that suit them. Most importantly, it should be creatively and actively marketed.

Better opportunities for trustees to learn from each other: In recognition that being a trustee cannot be accurately captured in a book, trustees (especially chairs) would benefit from being able to learn from each other and share their experience. This may be difficult to do given that it will take up even more of their time, but could have a significant impact on the sector. Networks could be set up in sub-sectors, such as within homelessness or disability charities. Workshops could be run around specific themes—eg, fundraising or staff management.

More transparency about charities' boards: A charity's annual report has to contain some basic information about its board: such as who the trustees are and how much money was spent on governance. Charities could be required, or at least encouraged, to explain in more detail what induction new trustees receive, or when the board last evaluated its performance. In particular, charities above a certain size should be expected to share such information.

Institute of trusteeship: Good trusteeship should be promoted and supported by a single body, which could perhaps sit within an existing organisation. It should, at the least, make all the information about being a trustee accessible in one place. But it could do much more: promote coordination between the other bodies working in the field; develop useful tools and training for trustees; set standards for good trusteeship, perhaps accrediting individuals or boards who live up to them; and help trustees to learn from each other. There is a danger that such a body would be expensive to develop and fail to have the desired impact—the sector is already overloaded with initiatives, and the cost of most of these has not been justified by their impact. And some people believe that it is good that there is no one dominant player, that the current 'marketplace' produces a useful range of services and guidance. But at the very least, trustees should be able to easily access all the useful information, networks and tools.

Table 2: Methods for improving trusteeship

Approach	Examples	Advantages	Disadvantages
Guides and leaflets	Agencies such as the Charity Commission and NCVO publish guidance for trustees. Key publications include *The Essential Trustee, Hallmarks of an Effective Charity, The Good Trustee Guide* and *Good Governance: A Code for the Voluntary and Community Sector*.	Such publications can be good comprehensive sources of information for trustees.\n\nThey are mostly free or cheap.	These are mostly general publications which, given the diversity of the sector, may not be appropriate. For example, some are too technical for trustees of small charities.\n\nThe guidance can be quite dry and abstract, and therefore difficult for trustees to apply to their own experience.\n\nIt is difficult to assess what is best practice versus what is a compulsory responsibility (though the Charity Commission strives to make this clear).\n\nTrustees need to know that materials exist in order to find them, and there are many different publications. This can be confusing and overwhelming.
Toolkits	Alongside the guides, agencies create toolkits which offer practical help for boards wishing to improve. For example, there is a toolkit accompanying the *Good Governance Code* to help charities to apply the code to their organisations, and Cass Business School has created *Tools for Success* to help small voluntary organisations, one of which focuses on governance.	They are cheap, some are free.\n\nThey allow the board to take control.\n\nThey are more practical than general guidance.	Trustees need to know that these exist and are useful.\n\nToolkits rely on the board having the enthusiasm and time to use them.\n\nThey also rely on the board using them appropriately and critically.
Websites	Many trustees' first port of call is the Charity Commission website, which contains a wealth of information about trustees' responsibilities and best practice. Other useful trustee information websites are run by Charity Trustee Networks and Governance magazine.	Websites provide up to date, searchable sources of large amounts of information.\n\nWebsites often link to and refer to other sites/publications, so can direct people to further help.	Trustees need to know that the information is there.\n\nSome of the websites are complicated to navigate.\n\nThe information can be quite technical; difficult to distinguish between a website's opinion on best practice and what is an obligation.
Professional services	Charities can buy in advice and services on technical issues, such as accountancy and law.	They can be a source of high quality information and services.	They can be very expensive.\n\nSome charities may not know which firms are good, so might pay for poor quality service.
Training	Training can involve sending individuals on courses run by charities (such as local councils of voluntary services) or companies (such as law and accountancy firms), or buying bespoke help for the whole board from specialist providers.	**Individual training:** Can help trustees understand the legal and financial issues. Even for experienced trustees, this is often worthwhile as laws and regulations change.\n\n**Bespoke board level support:** Can help board to deal with complicated issues such as conflicts that guide books cannot help with. Can create a more ambitious and effective board.	**Individual training:** Can be expensive, especially from private firms. Some people think that charities are so different that off-the-peg training is unlikely to be very useful. Some trustees, particularly those with plenty of professional experience, may dislike the idea of being trained.\n\n**Bespoke board level support:** Can be very expensive and difficult to find a good provider. If the board does not engage, the impact might be minimal.
Networks and conferences	There are some opportunities for trustees to learn from each other. Charity Trustee Networks is a charity focused on this. Other providers include local councils of voluntary service.	Trustees can learn from people who have had similar experiences.\n\nTrustees can discuss practical and complicated issues not dealt with in published guidance.	This method only works if networks attract a good number of trustees who have the time and energy to make them worthwhile.

Chapter 3: Getting the most out of boards

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Reviewing the board's performance

It is rare for charity trustee boards to spend time evaluating their performance. This could be because board members are volunteers who give up their own time for charity and might not want to have their volunteer work reviewed. Boards may also be worried about uncovering issues that they do not have the time or skills to address.

These concerns are understandable. But the lack of performance reviews is holding boards back: evaluations could help boards realise how they might improve and therefore help charities to achieve more.

Why boards should review their performance

In almost any walk of life, evaluating performance is an essential step to making improvements. In the case of charity boards, evaluating performance can help the board to:

- understand where it is making a difference;

- assess its strengths and weaknesses and therefore identify skills gaps or operational weaknesses;

- uncover performance problems with individual trustees;

- identify relationship issues; and

- ensure that it is fulfilling its role and concentrating on the right issues.

In the absence of a clear understanding of whom boards are accountable to, there is even more reason for a board to evaluate its performance and, ideally, to communicate the findings to stakeholders. People become trustees to make a difference, and give up their own time to do it, but these good intentions should not be used as a substitute for evaluating and reporting on board performance.

Although individual trustees may be extremely capable, well-intentioned and hard-working, it does not necessarily mean that individuals or the whole board are performing as well as they could. As mentioned previously, a common observation is that individuals from commercial backgrounds do not always apply their knowledge and expertise as much as they could, as they see their role on the board as something completely separate from their professional life.

There is some evidence from the United States to support the idea that good boards do evaluate themselves. One study suggested that particularly effective organisations are those that use board self-evaluation.[36]

Ways to review performance

There are various ways in which a board can evaluate its performance.

Self-assessment

The simplest way is to carry out a self-evaluation. As one chair described it, this is like *'stopping the dance to go up to the balcony to see how the dance is going'*.

The most common form is for the chair to have individual discussions with each member of the board to review their contributions. Although this should be useful, it will only cover one aspect of performance. Also, because of the voluntary nature of trusteeship, there are limits to what can sometimes be expected of people—it may be very difficult to criticise the contribution of someone who gives up precious time for free.

Individual performance reviews do not address the performance of the board as a whole, such as whether it is doing the right things and whether it has the right skills and processes. It also may not reveal how well the whole

group works together, nor flag up potential relationship issues. Commitment to undertake a review that does cover these issues depends on an enlightened chair and support from the whole board.

The main advantage of a self-assessment is that it is free and can be done reasonably quickly. The disadvantages are that it is not independent and therefore may not pick up weaknesses, and will not be as credible as an external assessment.

NPC has developed a simple tool which may help this process. It lists a number of key questions covering most of the issues raised earlier in this report. The tool is contained in Appendix 2.

External assessment

An external assessment can take many forms. One option is to use an individual who has close links with the charity but is not a member of the board or staff. This could be an advisor or someone specifically tasked with improving governance.

Alternatively, boards can employ external governance specialists to carry out a governance review. These are normally thorough but are expensive. They may be particularly valuable in situations when significant changes in governance are being considered or if there are sensitive issues that need to be addressed, such as a poorly performing chair. An external voice can act as a mediator in identifying and addressing such issues.

Do boards review their performance?

Anecdotal evidence suggests that boards rarely carry out a comprehensive review of their performance and hardly ever make their findings publicly available. Many may carry out an informal review with individual members, but the discussions are usually private and any systematic improvement is difficult to identify. For example, what a board counts as a review may just be a quick chat at the end of a meeting about how the trustees think they are doing. The general consensus of people we spoke to is that less than 10% of boards carry out any evaluation of their performance, let alone a comprehensive one.

One recent Scottish survey found that trustees on average rated their board's and their chairs' performance very highly. However, there was a marked exception: respondents did not in general agree with the statement 'The chair encourages peer appraisal of board members.'[17] This suggests that trustees

themselves realise that performance appraisal is lacking.

Why do boards not review their performance? Although there are obvious benefits to reviewing performance, there are many understandable reasons to explain why it does not happen very often:

- For many boards, the concept of evaluating their work is not one they have come across.

- The lack of accountability means there is no external pressure to evaluate performance.

- Boards might be concerned that the evaluation would be critical. It is difficult to criticise someone who volunteers and is therefore considered to be doing the charity a favour.

- Boards do not have the tools to evaluate themselves and external reviewers are too expensive.

- Board members are not willing to allocate time to evaluation.

- Board members may not be fully committed to maximising their impact and are therefore unwilling to be assessed. For example, some trustees may have volunteered to help out a friend but are not willing to then to be assessed and possibly criticised; others may be trustees primarily for their own gain (eg, to look good on a CV).

How can it be encouraged?

The voluntary nature of trusteeship means that any initiative to encourage boards to review their performance should probably be voluntary. Anything mandatory would just add to the long list of trustees' statutory responsibilities and could put people off becoming a trustee. Also, a review done under such a system may not be very high quality as it would be seen as a chore rather than a worthwhile voluntary exercise.

Board reviews must also be done with the full backing of the board. For example, one instigated by the chief executive without the board's understanding is unlikely to have the desired effect—it will just create tension.

Reviews should also be manageable, and recognise that boards have many other demands on their time. For example, the board could focus on evaluating and addressing a small number of issues at any one time.

There are various ways that an agency interested in improving trusteeship through encouraging evaluation can make a difference, such as by:

- educating boards, and particularly chairs, about the benefits of evaluation;

> The general consensus of people we spoke to is that less than 10% of boards carry out any evaluation of their performance.

> Grant-makers could place greater emphasis on a charity's ability to demonstrate that it has good board that fulfils its role well.

- providing boards with easy-to-use tools for self-evaluation;

- incorporating an expectation of evaluation into trustee recruitment and induction;

- encouraging grant-makers to place a greater emphasis on a charity's ability to demonstrate that it has good board that fulfils its role well, and to help them to have the resources to do this; and

- encouraging boards to report and talk about their evaluations (in their annual reports, at networking events), and reward boards that do so, for example, by giving awards.

Photograph supplied by Chance UK

Conclusion

Trusteeship is an important part of the charity sector. Trustees are expected to fulfil a number of different roles and take on significant responsibilities. Given the variety of the sector, it is no surprise that there is significant variation in the quality of charity boards.

There has been plenty of work to try to raise standards, which has had some effect. But our research highlighted some ongoing challenges to good trusteeship: difficulties in recruiting the right people; poor quality inductions for new trustees; problems boards face in improving; and the rarity of performance evaluation for boards. These are priorities for anybody interested in improving charity trusteeship.

Priority issues

Recruitment

Charities find it difficult to recruit new trustees. This is because there are not enough people wanting to be trustees, and there is currently no easy way to match potential trustees with charities. As a result, there are vacancies on boards, meaning that boards will often take on whoever volunteers. Consequently, there is a lack of diversity among trustees, which can result in boards not fulfilling their potential. These issues directly affect the quality of boards. However, it is not easy to solve the recruitment problem. It will require a significant shift in people's perceptions towards volunteering, and the development of a better system of recruitment.

Induction

New trustees are not given good enough inductions. This means that many do not even understand the basic requirements and responsibilities, let alone how to be a good trustee. If trustees are inducted thoroughly when they join boards, they will be much better trustees in the long run and will be able to make a contribution more quickly. This should be a simple message to spread across the sector, but it requires incentives, understanding and time.

Supporting trustees

There is lots of information available to help trustees to understand their roles and responsibilities. However, it is not being used enough. This is partly because there is too much information in too many different places. This is confusing for trustees.

Secondly, some of the information is not appropriate for all charities. It may be too formal and off-putting for new trustees of small charities, or too undemanding for experienced board members of national organisations.

Thirdly, it has to be remembered that trustees are giving up their own time for the charity. They may not want to spend this time looking for information.

Trustees should be made aware of, and have easy access to, a range of information suitable for them. Given the size of the sector and the range of information, making the information available and well-known may be difficult, but could make being a good trustee much easier.

Trustees could also learn about good trusteeship more informally, by sharing concerns and experiences with other boards. Given that they are volunteers, it may be difficult to encourage involvement in such initiatives. However, there are many potential benefits that should be clearly marketed for those trustees who are willing and able to dedicate the time.

Evaluation

Currently few boards evaluate their performance. This means that they do not understand their relative strengths and weaknesses so cannot target areas needing development.

Chief executives, regulators, funders and chairs should sell the benefits of evaluation to boards: it is in their interests to have good governance. Simple self-evaluation tools could be very useful but would need developing, disseminating and possibly some training provided in how to use them.

The future

There is still much that can be done to improve trusteeship. Any work will build on the foundations of previous initiatives, and on the good intentions of the people who choose to volunteer their time to help run charities. Our research suggests that there is much appetite and enthusiasm for further support, so finding a receptive audience should not be too difficult.

Trustees owe it to themselves, and also their staff, beneficiaries and funders, to ensure that their charity is well-run and having the greatest impact possible.

Photograph supplied by Retired and Senior Volunteer Programme (Kristian Buus)

Appendices

Appendix 1: Who is helping trustees?

Many bodies help boards and trustees by providing a range of services for them. This table provides a few examples of organisations working in this field.

Type	Examples	Services provided
National umbrella/ infrastructure bodies	National Council for Voluntary Organisations (NCVO); Association of Chief Executives of Voluntary Organisations (acevo); Northern Ireland Council for Voluntary Action (NICVA); Scottish Council for Voluntary Organisations (SCVO).	The sector's umbrella bodies provide a range of services: training, conferences, helplines. They also publish books and websites, and can encourage their members to improve their governance.
Local infrastructure bodies	Councils of voluntary services (CVSs), and their umbrella body National Association for Voluntary and Community Action (NAVCA).	CVSs provide initial general support to new and small local charities, including advice and training about governance issues.
Government departments	Charity Commission; Office of the Scottish Charity Regulator; Office of the Third Sector.	Government bodies produce guidance and fund initiatives such as the Governance Hub.
Private firms	Lawyers (eg, Bates Wells & Braithwaite); accountants (eg, haysmacintyre); recruitment firms (eg, Odgers, Ray and Berndtson); consultancy firms (eg, Transform Management Consultancy which runs BoardsCount, a board review service).	Firms provide services such as training, evaluations and consultancy, but mostly for a fee. Occasionally *pro bono* support is available.
Academic departments	Cass Business School, Open University	Academics undertake research and produce guides and toolkits about trusteeship.
Trustee organisations	Charity Trustee Networks, Governance magazine (and Charity Governance website).	Specialist support for trustees, aimed at keeping them up to date and improving their performance. They do this through newsletters and magazines; networking opportunities; training; websites providing accessible information.
Chartered institutes	Chartered Institute for Personnel and Development (CIPD), Institute of Chartered Secretaries and Administrators (ICSA).	Produce guidance and spreads best practice.

Appendix 2: Ten questions to ask yourself and your board

1. **Do we have the resources we need on our board?**

   • Do we have the right skills? Are they being applied?

   • Do our board members have enough time to do the job properly?

   • How diverse are we?

2. **Does every board member understand his/her role and responsibility as a trustee generally?**

   • Do they understand the contribution expected of them for this charity?

3. **Does the board do what it should?**

   • Does it ensure compliance with regulation?

   • Does it try to improve the long term performance of the charity?

   • Does it, where possible, avoid discussing operational detail?

4. **How good is our induction process?**

   • Does every board member receive an induction?

   • Is it comprehensive?

5. **How open and constructive are our relationships?**

   • What are relationships like among board members?

   • What is the relationship like between the board and the management team?

6. **Do we have the best governance structure?**

    • Does the board delegate appropriately?

    • Does the board benefit from expert advisors where possible?

    • Does every member of the board understand the basis for all board decisions?

7. **How well-run are board meetings?**

    • Are they held regularly enough with full attendance?

    • Are board papers prepared in good time and to high standard, with useful information about the charity's achievements and challenges?

    • Are all members able to make a full contribution?

    • Are decisions made collectively?

8. **How well do we plan and manage recruitment and succession?**

    • Do we use the best recruitment method for finding the type of trustees we are looking for?

    • Do we have succession plans?

9. **Do we know how well we are doing?**

    • Do we review our individual performance?

    • Do we evaluate the performance of the board as a whole?

10. **Are our board processes, decisions and impact transparent to staff and outsiders?**

    • How do we communicate our impact with others?

    • What do others say about our board?

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NPC's research

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Community

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- **Short changed:** *Financial exclusion (2008)*
- **Lost property:** *Tackling homelessness in the UK (2008)*
- **Hard knock life:** *Violence against women (2008)*
- **When I'm 65:** *Ageing in 21st century Britain (2008)*
- **Not seen and not heard:** *Child abuse (2007)*
- **A long way to go:** *Young refugees and asylum seekers in the UK (2007)*
- **Home truths:** *Adult refugees and asylum seekers (2006)*
- **Inside and out:** *People in prison and life after release (2005)*
- **Grey matters:** *Growing older in deprived areas (2004)*
- **Side by side:** *Young people in divided communities (2004)*
- **Local action changing lives:** *Community organisations tackling poverty and social exclusion (2004)*
- **Charity begins at home:** *Domestic violence (2003)*

Education

- **Inspiring Scotland:** *14:19 Fund (2008)*
- **After the bell:** *Out of school hours activities for children and young people (2007)*
- **Lean on me:** *Mentoring for young people at risk (2007)*
- **Misspent youth:** *The costs of truancy and exclusion (2007)*
- **Read on:** *Literacy skills of young people (2007)*
- **On your marks:** *Young people in education (2006)*
- **What next?:** *Careers education and guidance for young people (2005)*
- **School's out?:** *Truancy and exclusion (2005)*
- **Making sense of SEN:** *Special educational needs (2004)*

Health and disability

- **Heads up:** *Mental health of children and young people (2008)*
- **A life less ordinary:** *People with autism (2007)*
- **What price an ordinary life?:** *Financial costs and benefits of supporting disabled children and their families (2007)*
- **Don't mind me:** *Adults with mental health problems (2006)*
- **Valuing short lives:** *Children with terminal conditions (2005)*

- **Ordinary lives:** *Disabled children and their families (2005)*
- **Out of the shadows:** *HIV/AIDS in Burundi, Democratic Republic of Congo and Rwanda (2005)*
- **The hidden assassin:** *Cancer in the UK (2004)*
- **Caring about dying:** *Palliative care and support for the terminally ill (2004)*
- **Rhetoric to action:** *HIV/AIDS in South Africa (2003)*

Environment

- **Green philanthropy:** *Funding charity solutions to environment problems (2007)*

International

- **Philanthropists without borders:** *Supporting charities in developing countries (2008)*
- **Going global:** *A review of international development funding by UK trusts and foundations (2007)*

Cross-cutting research

- **Critical masses:** *Social campaigning (2008)*
- **Striking a chord:** *Using music to change lives (2006)*

Improving the voluntary sector

- **How are you getting on?** *Charities and funders on communicating results (2009)*
- **Granting success:** *Lessons for funders and charities (2009)*
- **Valuing potential:** *An SROI analysis on Columba 1400 (2008)*
- **More advice needed:** *The role of wealth advisors in offering philanthropy services to high-net-worth clients (2008)*
- **Turning the tables:** *Putting English charities in control of reporting (2008)*
- **Turning the tables:** *Putting Scottish charities in control of reporting (2008)*
- **On the bright side:** *Developing a questionnaire for charities to measure children's well-being (2008)*
- **Advice needed:** *The opportunities and challenges in philanthropy for ultra high net worth individuals and family offices (2007)*
- **Trading for the future:** *A five-year review of the work of the Execution Charitable Trust and New Philanthropy Capital (2007)*
- **Funding success:** *NPC's approach to analysing charities (2005)*
- **Surer Funding:** *Improving government funding of the voluntary sector (2004, published by acevo)*
- **Full cost recovery:** *A guide and toolkit on cost allocation (2004, published by NPC and acevo)*
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- **Funding our future II:** *A manual to understand and allocate costs (2002, published by acevo)*

NPC's research reports and summaries are available to download free from www.philanthropycapital.org

New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For **charities**, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For **funders**, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.