How should charity boards be different?

Consultation on developing a strategy for improving charity governance.

Introduction

This paper is at the heart of a consultation set up by the Association of Chairs. We want to start a discussion about what a strategy to improve charity governance might look like. It is a discussion document to get people in the sector to think about important ingredients for a strategy to improve the ways charity and non-profit boards work. While it is focused on charity boards, these changes will also benefit other kinds of non-profit boards.

None of the ideas in the paper are about mandatory change; they are about expanding the opportunities for boards.

It needs to have the thoughts and input from the many experts **and** practitioners in the sector. So any and all thoughts are welcome. We would be delighted if you would respond by completing the online consultation using this link:

https://www.surveymonkey.com/r/SVYQHYM

Alternatively email Joe Saxton on joe.saxton@associationofchairs.org.uk with your thoughts, or to arrange an online meeting.

The consultation opens in January 2025. It will close at the end of April 2025. Our aim is to publish the conclusions in summer 2025.

All the questions and free text boxes are in the online consultation response. We show them here so you can see what the online version contains. This version also contains some more context and background on each of the questions.

Q1. Do you think it is useful to create an overall strategy for improving trustee boards and governance in the charity sector?

Not at all useful. 1 .... 5 .... 10 Very useful

- Don't know/not sure.

Any comments on the concept of or need for an overall strategy?

Part 1: encouraging cultural and regulatory change.

1.1 Creating trustee boards that represent the UK public and all its talents.

The issue: Looking at the make-up of trustees in many charities, it appears that being a trustee is a role designed for older, probably retired, white people. Again and again boards of trustees do not reflect the population of the UK as a whole. They are older, they have higher levels of education, they are less likely to be disabled, more likely to be white and more likely to be male according to our own survey and Charity Commission data.

The goal: To have increasing numbers of charity boards that represent the communities they serve, the UK population as a whole or both.

Routes to the goal: creating diverse and representative boards is not a short-term task. There are a number of clear stepping stones:

- Understand where boards are currently, using the latest research (from organisations like the Charity Commission) and what the particular gaps are.
- The Association of Chairs research indicates that age, disability, ethnicity, and education are four of the biggest gaps. While the Young Trustees Movement is tackling the age gap, and Board Racial Diversity UK (formerly ATRD) the ethnicity gap, it is not clear that anybody is looking specifically at disability or education/class. So how could these two areas be addressed specifically?
- Identify organisations and case studies where charities have successfully made their boards more diverse demographically as well as in approach and experience.
- Check what can be learned from the commercial sector, where the percentage of women on boards has been dramatically increased over the last decade or more.

Q2. How important is diversity and inclusion in any charity governance strategy?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on the importance of diversity in charity boards and how it can be achieved?

1.2 Removing financial barriers to being a trustee.

The issue: Trustees and even honorary officers are volunteers in 99% of cases. Yet CEOs and their staff are paid in 99% of cases (though many charities have no staff). This lack of pay presents a barrier for some people who would like to become a trustee. Some potential trustees can't spare the time to be trustees if they are not paid to recompense them for the loss of time. In contrast local councils, NHS Trusts, and other non-profit organisations pay their board members a day rate for attending and participating in meetings and other business.

The goal: To reduce this barrier to becoming a trustee, or honorary officer.

Routes to the goal:

- While there is extensive guidance on paying trustees from the Charity Commission, we don't know how difficult it is to actually get permission from them to pay a trustee.
- We don't really know how much pay is a barrier to being a trustee and for which types of people or why.
- Once these facts are established, we could find out how open the Charity Commission, OSCR and the Charity Commission for NI are to make it easier to pay trustees.
- Once we know all these an action plan on developing a practical system for paying trustees could be developed

Q3. How high a priority is it to try and make it easier for trustees to be paid?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Q4. Are you in favour of making it easier to pay trustees?

Very much against 1 .... 5 .... 10 Very much in favour

Don't know/not sure.

Any comments on the upsides or downsides of paying trustees?

1.3 Removing the time barriers to being a trustee.

The issue: For many trustees being paid is not a problem as such. For some the problem is that 10 days taken up in the course of a year doing trustee duties could mean 10 days of holiday allowance being used up. That is a very significant commitment to being a trustee, and a substantial barrier, especially for those with young families or other commitments.

The goal: To reduce the barrier that lack of paid time off work is for people becoming a trustee.

Routes to the goal:

- We don't know how much time off is a barrier to being a trustee.
- We don't know how many employers give their employees paid time off for volunteering, which would include being a trustee.
- Once we know, an action plan on paid time off can be developed.

Q5. How high a priority is it to make it easier for trustees to get paid time off from their employer?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on the pros and cons of making it easier to get paid time off to be a trustee?

1.4 Improving the status and recognition for trustees, inside the charity sector.

The issue: Trustees are seen as neither staff nor volunteers. They don't get the same training or support that staff get. Opportunities or requirements for recruitment, or induction, or training, or career development that apply to staff rarely apply to trustees. Although trustees are volunteers, they usually aren't treated in the same way as other volunteers. This means trustees are often in a kind of limbo, neither getting the support that staff get, nor that volunteers get. This is ironic because trustees have the greatest legal and regulatory responsibilities of any role in a charity.

The goal: To ensure that trustees are given the development, support, and respect in terms of organisational support, and perceptions of competence and importance, that their role deserves.

Routes to the goal: we need to understand more about how trustees are seen both within charities, and outside them. This could involve public polling and an investigation into induction and other educational processes for trustees.

Q6. How high a priority is it to improve the status and profile of trustees?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on what we can do to recognise chairs and trustees for their service, and to raise their profile and status?

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Part 2: developing qualifications and standards.

2.1 Developing a learning culture on trustee boards.

The issue: Many charity boards don't have a learning culture. In other words, no attention is paid to how trustees might grow and develop in their roles, how they might develop new skills. Indeed some boards seem to offer their trustees no training or education at all. Would it be good for each trustee board to have a strong learning culture? How would it help if boards had the overt expectation that trustees were continually developing their skills and learning in the way that many staff are?

The goal: For trustee boards to develop and grow the skills of their trustees as the norm, rather than the exception.

Routes to the goal: Any attempt to create a learning culture in trustee boards, would require more training, at low or no cost, and in more subject areas. There would have to be a change in culture and mechanisms which make boards deliver learning as the norm, not the exception.

Q7. How high a priority is it to develop a learning culture for trustee boards?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on how important the development of a learning culture is? What learning does your trustee board do?

2.2 Developing professional qualifications for trustees.

The issue: There are no unique professional qualifications for trustees, chairs, or treasurers of charities. While there are some relevant qualifications designed for other sectors or disciplines (eg accountancy training makes people strong candidates to be treasurers), there is nothing specific to charity trustees.

This is in contrast to most other charity disciplines. There are master's degrees in fundraising and marketing, charity accounting and financial management, philanthropy, grant-making and social investment, NGO management and voluntary sector management for example (and that is just from Bayes Business School). While master's degrees are the top of the qualification pyramid, it is hard to find anything that gives any kind of systematic training in being a trustee, chair, or treasurer at any level, other than courses that are one-off, one day in length, or shorter.

The goal: To create a menu of qualifications suitable to the needs of charity trustees, chairs, and treasurers, whilst recognising their constraints of time and budget.

Routes to the goal:

- Review all the different qualifications and training courses for those in the voluntary sector and other aligned non-profit areas (eg education, health, etc)
- Understand which existing courses and qualifications, if any, could be adapted to be relevant to charity trustees.
- Talk to potential suppliers about amending existing courses or creating new ones.
- Research trustees and chairs to understand the level of interest in trustee qualifications.

Q8. How high a priority is it to develop qualifications for trustees?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether some kind of professional qualifications for trustees and honorary officers would be useful? Would they encourage greater inclusion?

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2.3 Towards chartered chairs, treasurers, and trustees.

The issue: Being a chartered professional is a mark of professional competence. To quote Wikipedia: 'a chartered professional is a person who has gained a specific level of skill or competence in a particular field of work, which has been recognised by the award of a formal credential by a relevant professional organisation. Chartered status is considered a mark of professional competency and is awarded mainly by chartered professional bodies and learned societies.'

We are used to chartered accountants, chartered surveyors, chartered physiotherapists, and many more professionals where the term isn't used, but the status exists. Do we want trustees, chairs, and treasurers of charities to have that level of competence? And if we do shouldn't the aspiration be to have chartered status?

The goal: To have trustee leaders be able to achieve chartered status.

Routes to the goal: This is a long-term goal – given there aren't even qualifications for trustees as yet. The first stage must be to have a suite of courses and qualifications for trustees and board leaders. Once that is beginning to be achieved the next stage can be to develop the groundwork for chartered status.

Q9. How high a priority is it to formalise the development of qualifications to the level of having chartered chairs, treasurers, and trustees?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether formalising trustee skills to the level of chartered status is a good idea?

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2.4 Developing principles, practice, and behaviours appropriate for trustees in order to fulfil their roles.

The issue: Currently the Charity Governance Code explores some of the principles that a high-performing charity board might follow in order to improve its performance. They set out what good behaviour and practice looks like for a charity board.

What the Code doesn't do is set out any principles about what good behaviour looks like for an individual trustee. A role model for individual trustee behaviour might start with the seven Nolan principles for public life (selflessness, objectivity, integrity, accountability, openness, honesty, and leadership). Having a set of these principles, tailored to the role of trustees, would act as a complementary addition to the Code's focus on the board as a whole.

The goal: to have a set of principles that any trustee can ask themselves (or their fellow board members can ask them), designed to check if they are meeting these standards.

Routes to the goal: The great power of the Nolan principles is that they can be set down on a side of A4, and it is usually very easy to establish whether they are being met. A small working group could be formed to suggest a draft set of principles, for discussion.

Q10. How high a priority is it to have a set of principles that frame and guide the behaviour of individual board members?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether trustees should have their own set of principles against which they measure themselves as they perform their duties, collectively and as individuals?

2.5 Benchmarking and accreditation of charity boards.

The issue: At present it is very difficult for a charity board of trustees to have any idea of how good a job they are doing. There are no easy ways for a charity board to compare itself to other charities. They may be able to ask people who are trustees

elsewhere, or have been trustees elsewhere, for comparison. While the Charity Governance Code provides some guidance and there are some survey-based tools, there is no single agreed framework.

This compares to staff teams in charities and elsewhere. For example, Investors in People is a powerful programme which allows an organisation to have external consultants review their performance – irrespective of whether they are government, commercial or charitable in their purpose.

Charities need some way in which they compare their performance at the board level and have a clear sense of what they are doing well and badly, and how they can improve their approach. They need to be able to compare their performance by size, by sector, by geography across a number of agreed qualitative and quantitative measures.

The goal: For charity boards to have an agreed set of accreditation standards, a benchmark of performance, and a resulting programme for developing their approach to governance.

Routes to the goal: there are a number of elements to creating agreed accreditation for charity boards:

- Reviewing what accreditation and performance measures other non-profit organisations have, such as NHS Trusts, parish councils, schools and academies, and charities in other countries.
- Review how the principles of the Charity Governance Code could be turned into a set of benchmarks or hallmarks of good practice.
- Identify the existing surveys and benchmarks that charities can currently use and adapt.
- Agree a set of benchmark and accreditation standards for charities.

Q11. How high a priority is it to have an agreed benchmarking and/or accreditation process for assessing the performance of a charity board?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether an agreed mechanism for assessing the performance of trustee boards would be useful and/or powerful?

Part 3: improved support & infrastructure.

3.1 Creating a coordinating group for charity boards and infrastructure bodies.

The issue: There are a variety of organisations that work in the field of encouraging or supporting charity boards, trustees, and governance. They all have a role to play in developing the work of trustees. However, there is no systematic coordination or co-production between them.

The goal: To ensure that all the relevant trustee-supporting bodies talk to each other, know about what each other does, and coordinate their work. Ideally, they will collaborate, not compete.

Routes to the goal: Of all the areas in this plan this is probably the easiest. A working group could research the provision, the gaps, the duplication, the pinch points, then make recommendations for refining and finessing.

Q12. How high a priority is it to create a formal coordinating group for organisations that support and develop trustee and non-profit boards?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether creating a formal coordinating group for organisations that support and develop trustee and non-profit boards would be useful?

3.2 Creating a body that supports charity trustees.

The issue: Looking at the charity sector it is clear that individual areas of expertise and specialism develop most effectively when there is an infrastructure body to coordinate and promote that specialism. This could be fundraising and the Institute of Fundraising, chief executives and ACEVO, finance and Charity Finance Group, communication and CharityComms. It is also true of sub-sectors like overseas development and Bond, rural charities and ACRE, hospices and Hospice UK. The full list is long in both cases.

The issue is that there is no equivalent body for trustees and charity boards. Without that central coordinating body then the development of charity boards is unlikely to happen quickly. This is not to say a new body is needed. A virtual infrastructure body created by an alliance between the Association of Chairs and other support bodies could probably deliver the same benefit.

The goal: To create a body that drives the development of trustees' skills and professionalisation, and makes charity boards thrive.

Routes to the goal: Other areas of non-profit boards have a central sector body. State schools have the National Governance Association, private schools have AGBIS. Higher education has Advance HE. The role that all these organisations play, and its value, could be analysed as a potential model for a charity trustee body.

The working group suggested in 3.1 above could start the discussion about what a coordinating infrastructure body would do, how it might work and be funded.

Q13. How high a priority is it to have an infrastructure body supporting trustees, chairs, treasurers, and non-profit boards in general?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on whether an infrastructure body is needed for trustees, or can the existing bodies do a better job without that?

Lastly - what does success look like for a charity governance strategy?

How should we measure the success of any strategy created to improve charity governance? Indeed how should we measure the health of charity governance at the moment? It's not an easy question. There are some possible ways:

- The cumulative standards and results of any board certification process
- The numbers and types of people applying to be trustees
- The demographics of trustees
- The satisfaction level of trustees and the staff who work with them
- The number of negative incidents

As this consultation develops it's worth thinking through the different ways we could measure its success.

Q14. How important is it overall to measure the success and development of trustee boards?

Very low priority 1 .... 5 .... 10 Very high priority

Don't know/not sure.

Any comments on how we should measure the success of trustee boards?

Thank you for your interest in this consultation and its content. We look forward to telling you about the results in due course.

Joe Saxton and the Association of Chairs team

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