



New
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Capital

Board matters: a review of charity trusteeship in the UK

A paper by New Philanthropy Capital

New Philanthropy Capital believes that charities vary in their effectiveness. This is based on our analysis of several hundred charities over the past few years. What we mean by 'effective' is that a charity is making a difference, and doing so in a sustainable, well-managed way. Given that boards of trustees are responsible for setting a charity's direction and holding its staff (if there are any) to account, trustees should play an important role in making charities effective. NPC's experience was that particularly effective charities have boards that are engaged, questioning and ambitious. We wanted to look at trusteeship more generally, to examine what makes a good board, what the current quality of boards is, identify challenges that trustees face and generate some ideas to overcome them. Our full findings were published in June 2009 in [Board matters](#), which is freely available on our website.

Methodology

The aim of the review was to bring together the existing knowledge about charity trusteeship in the UK and gather the views of people working with the issues at the frontline. One way in that our research differs from existing work is that we are able to report honestly on what we found, because NPC is, unlike many of the other agencies working in this field, independent—we have no links to government, and no members to represent.

We reviewed the existing literature, much of which was produced by charity bodies such as acevo, the National Council for Voluntary Organisations (NCVO) and the Charity Commission. The Governance Hub, a government initiative led by the NCVO, produced large amounts of research about the issue recently.

Most of the existing research is based on surveys of trustees and charity staff about their experiences and processes. There is little robust research about charity trusteeship. For example, we struggled to find any study of whether the governance of an organisation affects how good the organisation is. It is possible that there is no link, or that governance only improves once an organisation gets stronger. One American study found that boards that are judged to be effective are those in more effective organisations, but the causal connection could not be established.¹ This is a gap where more independent, rigorous research could add value.

There is also little independent, objective research: much of the available work was done by membership agencies or government bodies who, understandably, have agendas to push and relationships to manage.

We spoke to 50 people, including trustees and chief executives of charities; directors of grant-making trusts; experts from sector umbrella bodies; and private sector professionals with experience of working with, or on, boards. We asked for their opinion on the current state of trusteeship; what are the strengths and weaknesses of charity boards. We also asked for their thoughts on what could be done to tackle any problems and weaknesses.

Note that the focus of our research was trustees of operational charities. We did not look at school governors, trustees of grant-making trusts or boards of universities/QUANGOs.

Findings

There are few cases of fraud or of charities getting into serious trouble. As the Charity Commission states, *'Deliberate abuse and wrongdoing in charities remains rare and most concerns which come to our attention are resolved by providing advice and guidance.'*² From this, we could deduce that the governance in most charities is at least satisfactory. However, it could be that this is due to the staff rather than the trustees. Encouragingly, the consensus of the experts we spoke with is that most trustees fulfil their basic duties satisfactorily.

However, almost every expert we consulted believed that trustees could be doing much more to ensure that their charities are well-run, sustainable and focus their resources on fulfilling their charitable purpose as effectively as possible. As one funder put it, *'If we insisted on good standards of governance then we wouldn't give many grants.'*³

The issues can be grouped into three areas: recruitment of trustees; supporting trustees in fulfilling their role; and board evaluation.

Trustee recruitment

Firstly, trustee recruitment is a challenge for many charities. Some highly-respected well-known charities, or those with excellent networks of supporters, have no difficulties in finding volunteers willing to sit on their boards. However, around half of charities have at least one vacancy on their board.⁴

Why trustee recruitment is a challenge

Trustee recruitment problems are the result of two contributing factors: firstly, the pool of people willing to volunteer themselves as trustees is small. One survey done for the Governance Hub in 2006 found that only 5% of people are aware of trusteeship as a way to support a charity.⁵ Secondly, charities do not put in the effort required to find good trustees: the Charity Commission's research shows that around 81% of charities rely on their existing networks when finding trustees.⁶

The first factor is unsurprising. It is commonly accepted that charities find it hard to recruit and retain people for voluntary roles, especially if it requires a commitment to regularly volunteer over a long period. But there seem to be other particular difficulties in trustee recruitment. Large swathes of the population are not aware of the need for trustees, and, anecdotally, if they are aware, they assume that trustees have to be senior professionals, or are worried by the liabilities. These are difficult issues to tackle, but more could be made of the benefits to individuals of being a trustee: the increased skills, confidence and networks. This is an area that can be better researched in order to make the argument stronger.

The second issue is more tangible: charities rely on 'word of mouth' methods to fill vacancies on board because there are no other straightforward options for finding trustees, unless charities are well-resourced enough to be able to afford head hunters or press advertising. Those without can use the many volunteering websites/centres or local press, but these are not well designed or joined up (eg, there are lists of charities looking for trustees, but not in one place and they are often out of date). Given that it is a voluntary role, it should be made as simple as possible for potential trustees to find vacancies that suit them.

Get on Board campaign

The lack of a joined-up system is revealed by an examination of the government-funded campaign 'Get on Board'. The aim of the campaign was to raise awareness of trusteeship and to encourage people to become trustees. 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 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 them had secured trustee positions when surveyed a few months after the campaign.⁵

The problem was that there was not the infrastructure 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. Most registrants have full-time jobs and would appreciate, and respond to, some personal contact.

Consequences of recruitment problems

As a result of the recruitment problems, some boards are not as good as they can be: they keep people on for too long, and if they have a vacancy, many will fill it with whoever volunteers. Boards do not take the time to think about what skills, experiences and personalities would improve their performance.

Another result of the recruitment issues is boards that are lacking in diversity: almost half of trustees are aged 60 or over,⁷ and there are concerns that trustees are mostly middle class.

Every expert we consulted with is concerned about the lack of diversity. 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, 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.

A recent book by an American academic drew together evidence about the benefits of having a diverse group of people working together on problems. If 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.⁸ People of different ages and ethnicities are likely to think differently: therefore having a good mix of people on boards will benefit charities.

NPC believes that some of these problems are relatively easy to address. There are already discussions between bodies like the Charity Commission and School Governor's One Stop Shop (which helps people become school governors) on how to improve the trustee recruitment system. Other problems, such as encouraging more young people to volunteer as trustees, might be more difficult to tackle at scale.

Supporting trustees

Almost everybody we consulted was concerned that many trustees are not doing their job very well. The consensus was that two main reasons for this are that trustees are not inducted well and so do not understand their roles, responsibilities and liabilities, and that it is rare for trustees to go on training or use the wide range of guidance produced to help them. One underlying factor is the voluntary nature of the role: people giving up their time for free may not want to spend yet more of their time in order to read guidance or go on training, especially if they are senior people who feel (and whom the board feels) that they know it all already. We were told many anecdotes of supposedly skilled people failing to fulfil their duties as a trustee because they viewed being a trustee as different to and less important than their day job. Another recurrent theme was that boards are often hampered by personality clashes and conflict, both within the board, and between the board and management staff.

It is much harder to find robust evidence to support the concerns expressed by interviewees, although only 6% of trustees surveyed for the Governance Hub in 2006 agreed that *'further learning was not a priority'*, and 42% of respondents said that trustees were not offered enough opportunities to learn about their roles.⁴ Chairs—whom everyone believes are particularly important to a board's work—are thought to be especially under-supported.⁹

Poor performance exists despite there being lots of training and information available to trustees. The problem is that there are several key barriers that can hamper attempts to improve trusteeship:

- **Charities differ from each other.** They vary in terms of size (eg, 55% have an income of less than £10,000 but some have turnovers of hundreds of millions)¹⁰; their source of income (whether it is mostly grants, donations, statutory contracts); and more generally, how they are run and governed. This makes it difficult to produce guidance that is suitable for all.

- **The sector is large and dispersed.** This makes it hard to share best practice. For example, the largest umbrella body, the NCVO, represents less than 5% of charities.¹¹
- **Trustees are volunteers.** Boards might focus their time on fulfilling their basic responsibilities, and may not have the time or inclination to push themselves further. This is a shame, because NPC believes that being a good trustee—getting involved with the charity’s strategy, helping it to achieve more—is much more fulfilling and useful than just doing basic governance.
- **Trusteeship is not the responsibility of any single body.** Responsibility lies in several places—such as with the board itself, chief executives, sector bodies, regulators, funders. None of these exert sufficient pressure on charities to improve their board’s performance: boards are not held to account.
- **Improving trustee performance is difficult and expensive.** Reading guides can only get you so far, but bespoke external support, while useful, can be expensive. Most boards spend very little on training.

These challenges explain why the existing work to improve trusteeship has not had the desired impact. For a start, most guides were produced without the budget or strategy to market them effectively. The exception was the Code of Good Governance, produced by a range of bodies including NCVO and Charity Trustee Networks. This had substantial support from the Governance Hub to promote it, and as a result is relatively well-known: 71% of respondents to a survey by nfpSynergy are aware of it.¹²

This suggests that a more concerted effort could have an impact. There is therefore a need to coordinate the good material that exists, and promote it more proactively and strategically.

Board evaluation

Thirdly and lastly, very few boards evaluate their performance, as a way to ascertain, and learn from, their achievements and failures; their strengths and weaknesses. This is for several reasons. Firstly, boards often simply have not even come across the concept of evaluating their performances. Secondly, as noted, there are few pressures on them to improve their performance. Thirdly, even if boards did want to think about their impact, they may not have the time, resources or know-how. Fourthly, they may be concerned that the findings would be critical: they are volunteers and may balk at the idea that their good deeds may be found lacking.

NPC thinks that boards need to be encouraged and rewarded for examining their performance. Funders in particular have an important role to play here.

What needs to be done?

NPC’s research identified lots of practical problems that need to be addressed by funders, regulators, sector bodies, and most importantly, charities themselves.

But there are also research gaps, for example: there is a lack of evidence of the link between board performance and charity effectiveness; it would be useful to identify the impact that boards have if the charity is staffed—there is a consensus that charities can get away with having poor quality boards if the management are very good, at least until problems arise; and further exploration of the personal and professional benefits (and costs) to people who are charity trustees could help to sell trusteeship more widely.

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