

T P Consultants

Promoting excellence in voluntary and community governance and management

The good the bad and the ugly! Sue Pearlman at Hertfordshire Community Foundation “Your Workforce, Your Future” 10 July 2019

Good morning – it’s lovely to see so many people here – and a bit daunting because I know so many of you.... But I’ve had over 30 years’ experience with trustee boards – as a volunteer, as a trustee, as a chair and as a staff member.... and since 2004 I’ve been working with many boards in various ways, doing training, governance reviews, writing governance documents.... you name it, I’ve probably done it.... except being a Treasurer. It’s taken me to fascinating venues, from draughty church halls to the Tower of London and I’ve met some really inspiring people along the way....

I’m still a trustee of a local organisation, Communities 1st, and I sit on the board of the national Reform Judaism....

And I’ve had the privilege of training trainers to deliver the new Better Boards training ...

What follows is what I have observed, or felt, or needed to deal with.....none of the charities are in Hertfordshire....but you may recognise some of the characteristics!

So we have.....

Chairs who fall asleep

chairs who need a script written

Trustees who don’t contribute

Trustees who turn up late all the time...

In fact there were so many factors that I compiled a list of how to disrupt meetings!

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21 Ways to disrupt a meeting

- Arrive late
- Interrupt
- Talk too much
- Be called away (except in real emergencies)
- Hold side discussions with your neighbours
- Introduce red herrings
- Stay silent
- Go off on tangents
- Be too formal
- Use aggressive body language (folded arms, back turned to speaker)
- Be rude
- Yawn
- Read other papers
- Don't listen
- Be pointlessly provocative
- Pursue hidden agendas
- Be emotional
- Show disrespect
- Use jargon
- Be unprepared
- Make or receive mobile phone calls/texts/email messages
- Use laptops/ipads/smartphone etc for things not connected with the meeting
- Tweet!

So let's look at Ugly Boards.....what do they look like?

- CEO led board
- Boards where decisions are made by the few, not the many! Leading to
- Rubber stamping
- delegating board
- Fearful rabbit board
- Overwhelmed board
- Self interest/narrow interest/ closed boards
- Social board
- Founder or funder dominated/led board

Bad:

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- Chair led board
- Inner sanctum board
- Management operational board
- Reactive board
- Beneficiary led board
- Finance/technical led board
- Long service board
- Cloned/one of us board
- Fundraising board
- High status/celebrity board – Kids Company

Good:

- Skills rich board
- Good discussions
- People feel valued
- Trustees and staff respect the chair
- There is strong strategic leadership.
- Key decisions are made in a timely way.
- Trustees feel well informed, have been through an induction programme and there are regular board development occasions.
- The chair understands that their role isn't to make the decisions but to ensure the right decisions are made.
- The board makes a corporate decision by consensus after a full and engaged discussion.
- Board papers are well organised and a manageable quantity enabling busy trustees sufficient time to consider them in advance of meetings.
- All trustees commit fully to the strategy and prepare well for meetings.
- There is sufficient resource to employ skilled staff and the board is confident about leaving operational matters in their hands.
- There is clarity about what the charity is seeking to achieve, and it is able to present this in a way that attracts trustees. It may be a popular cause with a high profile but does not need to be.
- The organisation is perceived as successful with a clear ambition and knows how to engage and involve trustees
- The board is likely to be diverse.

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**In Governance and Leadership magazine April 2016, John Williams, who is Vice Chair of the Association of Chairs, wrote an article....
After Kids Company, could we be next?
The seven deadly sins of trustee boards**

The trustees were blamed for the fall of Kids Company, but what should they have done differently? He looked at the most common failings of charity boards.

It was after the waves of crisis and criticism at the time
And it's taken a while for respect for charities to grow, but it's still not where it should or could be...

It is clear that in some areas and in some charities, there is a governance gap between current practice and best practice, what we should do and what we actually do, that raises the risk of any of us being the next Kids Company.

There are many areas of small improvements that could make a big difference. But he offered offer seven absolutely central elements that trustee boards ignore at their peril - my seven deadly sins of poor governance:

No formal board evaluation

There is more uncertainty and evasion over this core task than any; of course we don't like to be assessed and it's a tricky process, but it's essential to evaluating board performance, and providing once a year a proper step back to ask: are we happy with how we are performing? It's not enough to be a quick AOB at the end of a long board.

Lack of finite terms of office

There is a growing consensus that it is unhealthy for good governance for too many trustees to stay in post for too long. It risks complacency and stagnation. It was a clear issue at Kids Company with a Chair in post for 12 years working with a CEO of 19 years. To progress and prosper, charities need the disruption of fresh eyes, fresh ideas and fresh momentum. Make sure your governing document has formal terms of office, then stick to them. Charity Governance Code and Charity Commission.....3 terms of 3 years max... except with good reason

Not enough attention to sustainability and risk

Many charities live on the financial edge, and we all know how precarious funding streams can be. But that can encourage short-termism and an acceptance of financial instability. The biggest responsibility of trustees is to do all they can to ensure the long term viability of their charities: to see the lifetime value of donors;

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to ensure they do not over-rely on one source of income; and to take seriously the value of holding adequate reserves. Is the risk register a working document or a once a year box ticking exercise? And do you rely on your finance sub-committee too much?

Skimping on trustee recruitment

Finding good trustees is a challenge; creating a good skills mix and genuine diversity is hard; but continuing to rely on your own networks will yield a vanilla board. There is no excuse. The internet and social media make advertising easier. The key is to plan ahead, and ideally recruit more than one trustee at a time, which is more likely to give you a diverse mix. HCF has Building Effective Boards on the website which contains a wonderful template for trustee recruitment

Lack of engagement between meetings

If some of your trustees only engage by turning up to regular board meetings, that's a red flag. You cannot expect trustees to be sufficiently informed, engaged and committed on that basis. But they can be busy - Chairs need to compete for their time and attention. So you have to get them under the skin of the organisation, meeting staff and beneficiaries, joining sub-committees or working parties, having the chance to socialise with their fellow trustees. (Wine is an underrated aid to good governance.)

Lack of respect, especially for the SMT

This is an unspoken issue at the heart of many governance failures. It's not just about the Chair-CEO relationship, but about a mutual lack of understanding and empathy which can lead to a lack of respect, and sometimes hostility, between trustees and senior management. Start by asking your CEO how their management team feel about board meetings. My CEO experience.....

No investment in induction and training

Being a trustee is hard work. However impressive your CV and professional background, the job needs to be learned to do it well. You should want to grow in the job. Yet the evidence we have is that many charities do not invest in the training and development of their trustees. Inductions can be cursory. If boards all set aside a proper trustee training budget, it would start to challenge the assumption that unpaid trustees are somehow less professional.

Seven sins. And a few solutions. But of course these sins do not apply to your charity. Do they?

So how can you make your board even better than it is now?

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The Charity Governance Code -

- It was published, after much consultation exactly 2 years ago.....July 2017. It's a wonderful benchmark for all boards to measure themselves, It recognises that there are smaller and larger charities. Larger charities are identified as having an income of over £1 million.
- There are universal principles and outcomes, but different recommended practice depending on the size of the charity
- There is an expectation that charities will "apply or explain why they don't" apply the principles
- There is an expectation that charities will publish statements in their annual reports to describe how they conform to the Charity Governance Code.

The Charity Governance Code is built on the foundation that:

- Trustees are committed to the cause (of their charity)
- Trustees recognise that meeting public benefit is an on-going legal requirement
- That Trustees understand their roles and legal responsibilities
- That trustees commit to good governance

It then goes on to describe seven principles which are built on this foundation:

1. Organisational purpose

The board is clear about the charity's aims

2. Leadership

Every charity is led by an effective board that provides strategic leadership

3. Integrity

The board acts with integrity and the board is aware of the importance of the public's confidence and trust in charities,

4. Decision-making, risk and control

The board makes sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored.

5. Board effectiveness

The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

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6. Diversity

The board's approach to diversity supports its effectiveness, leadership and decision-making.

7. Openness and accountability

The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be.

There are, of course, some other sources of help.... HCP Better Boards, on the HCF website you can find Effective Boards with a heap of useful information and templates.....Building Effective Boards programme, your local CVS, NCVO and now a great guide for smaller charities to use to self assess their board using the Charity Governance Code.

Thank you!

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