

Board Governance Session Pilton Youth & Children's Project

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INSPIRING SCOTLAND

Importance of a charity's board

The bottom line is, good governance led by a charity's board is no longer an optional extra. It's essential to charities' effectiveness and probably their survival too. Charities need to be able to demonstrate that they take it seriously, allowing it to change the way they operate.

Source: Charity Commission 2018

Importance of a charity's board

“Rather than steer the boat by managing day-to-day operations, board members provide foresight, oversight and insight:

Think of them as up in the crow's nest scanning the horizon for signs of storms or rainbows to explore, perhaps with a pot of gold at the end!”

Source: National Council of Non-Profits



What we will cover

- Role and responsibilities of a charity trustee
- Key regulator updates post COVID 19
- Challenges of trusteeship in 2020
- Key things trustees should be thinking about, now and in the future
- Q&A at the end

What is a charity trustee?

- Charity trustees are responsible for the general control and management of the charity
- They determine the overall strategy and direction the charity takes
- They are responsible for looking after the charity's assets and making sure it fulfils its charitable purposes
- They are accountable to OSCR (Office of the Scottish Charity Regulator), the charity's beneficiaries and the wider public
- They act as advocates for the charity
- Consider PVG registration for trustees - if appropriate

The Charities and Trustee Investment (Scotland) Act 2005

General duties of charity trustees

Acting in the interests of the charity:

- You must act in the best interests of the charity. This means what is best for the charity and its beneficiaries.
- You must put the charity first before any personal interests you may have in terms of what is best for you, your family or friends, or for any business interests you may have.

A trustee must seek in good faith to ensure that the charity acts in a manner consistent with its purposes

Therefore you must:

- Know and understand the charitable purposes of your charity,
- Be familiar with the terms of the charity's constitution,
- Ensure that all activities of the charity fall within the scope of the charitable purposes,
- Ensure that the charity does not act in any way which is outside its powers.

Acting with care and diligence in managing the charity's affairs

You must act with the care and diligence which is reasonable to expect of a person who is managing the affairs of another person

- The trustees must take whatever steps are necessary to protect the charity and safeguard its assets. This means making sure that:
 - The charity is being run properly, responsibly and lawfully
 - The trustees have an up to date picture of how the charity is doing financially at all times
 - You protect the investments
 - You protect the charity's reputation and use of the charity's name and logo
 - You make good business decisions, set budgets and monitor financial performance
 - Ensure the trustees are fit for purpose
 - You take professional advice where required
 - A duty of care is applied to paid members of staff or volunteers, treating them properly and fairly

Ensuring that the charity complies with any other legal duty

Must ensure that the charity complies with all relevant legislation. This includes:

- Health and Safety
- Employment Law
- Equality and Discrimination
- General Data Protection Regulation (GDPR)
- Safeguarding

Collective responsibility

- All trustees have an individual responsibility to the charity and share collective responsibility for their decisions
- **No one trustee** has a higher level of **legal** responsibility than the others. The Chair, Treasurer etc. are treated equally to the other trustees, however in practical terms the roles do differ !
- The Chair's duties - The Chair will co-ordinate the activities of the Board and will delegate certain matters of business to other Trustees and Officers as deemed appropriate. Treasurer's duties - The Treasurer is responsible for providing advice and assistance to the Board, the Chair and the Manager in all matters relating to the financial administration of the organisation. The Vice-Chair provides direct support to the Chair. The Secretary manages the Board meeting process and takes minutes
- As trustees it is your job to collectively challenge. This means that asking questions is a key part of the role and that there is no such thing as a stupid question

Governance reminder

- Third Sector Governance Code - <https://goodgovernance.scot/governance-code/about-the-code/>
- This Code sets out the 6 key principles of good governance. These are:
 1. Understand your role as trustees
 2. Ensure delivery of your charity's purposes
 3. Working effectively both as individuals and as a team of trustees
 4. Exercising effective control
 5. Behaving with integrity
 6. Being open and accountable

Your personal conduct as trustees

The core concepts of good governance come down to:

- **Transparency, independence, accountability, responsibility, fairness and social responsibility**

Updated OSCR guidance – see Guidance and Good Practice for Charity Trustees updated in June 2016

https://www.oscr.org.uk/media/3621/v10_guidance-and-good-practice-for-charity-trustees.pdf

Basics:

- Are you quorate?
- Have minutes/papers been circulated in advance (at least a week before the meeting)
- Does the agenda reflect the level of importance of each agenda item? Have you given enough time for the agenda?
- Are you working effectively as a team? Is everyone engaged/contributing?

What value can you bring to the boardroom?

- Seeing the bigger picture
- Managing performance
- Emotional intelligence
- Analysis and decision making
- Thorough preparation ahead of meetings
- Constructive and supportive challenge
- Communication and influencing
- Working cooperatively and collaboratively
- Personal commitment

The difference between governance and management

Governance

Personnel

- Establish principles, policies and procedures
- Be a fair employer
- Enact role in discipline and grievance procedures

Finance

- Ensure proper procedures are in place
- Review and sign off accounts
- Safeguard investments
- Sign cheques

Management

Personnel

- Ensure policies are up to date
- Provide supervision and appraisal
- Monitor workload
- Enact proper procedures if there are issues of conduct or capacity

Finance

- Operate and overview financial systems
- Prepare budgets
- Account for expenditure
- Limited cheque signatory

Governance Checkup - <https://scvo.org.uk/support/running-your-organisation/governance/scottish-governance-code-checkup>



GOOD GOVERNANCE Checkup



Challenges of trusteeship in 2020

- Now more than ever trustees must work effectively as a team and “step up to the plate”
- Review performance, composition and skills of the Board. Identify skill gaps through a Board skills audit
- Timeous reports are vital if trustees are to maintain a proper grip of financials
- Review grants and existing restricted funds – can any be flexed or repurposed?
- Essential to engage with funders and supporters. Be supportive on social media
- The “big” decisions may need to be on the table: Mergers? Close working with others on projects? Closing some aspects of service delivery/income generation? New service offerings/refocussing of existing contracts
- Be ready to make tough decisions around the survival of your charity

New regulatory developments

- Large volume of regulatory guidance focused on Covid19 pandemic
- OSCR
- Companies House
- HMRC
- Health & Safety Executive
- Government and third sector umbrella bodies
- Information Commissioner's Office – GDPR

Impact on charities from Covid 19

Current issues

- Charity events/impact on fundraising and other income sources
- Reserves – are they adequate?
- Renewed focus on governance
- Identifying most vulnerable groups ..what action is needed.... contingency planning
- Scenario planning – set KPI's for management team but remember to be supportive

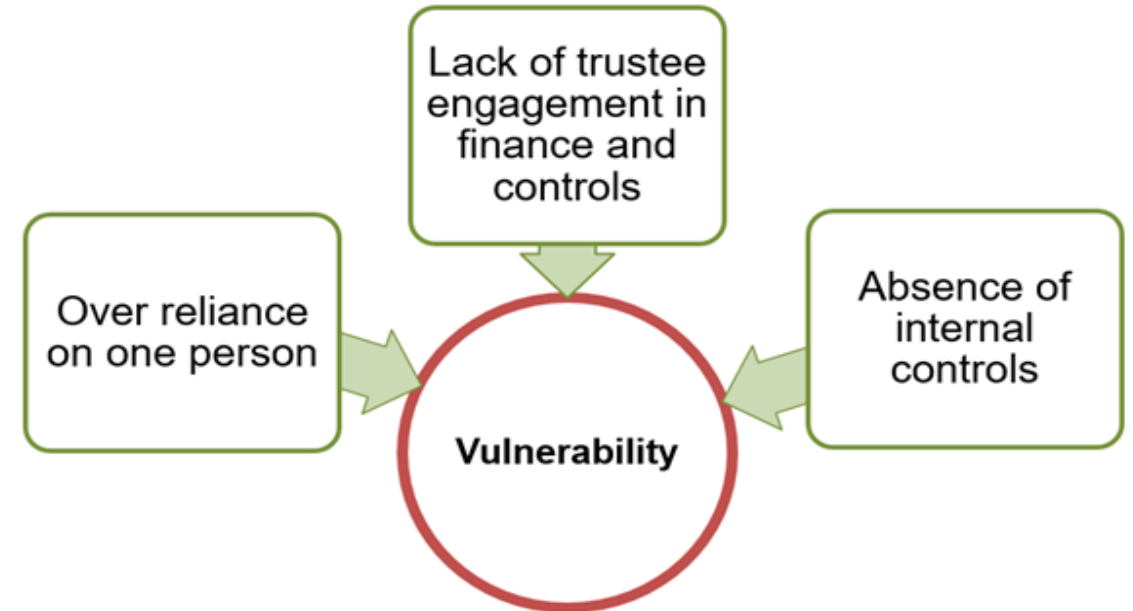
12 Months and beyond

- How are these impacts starting to change? What will be the case in 12 months?
- Outlook for charities of different sizes, sectors and income streams?
- Risk management - e.g. governance risk, operational risk, financial risk, external risk, compliance/legal risk
- Update your risk register and remember to add in contingency planning!
- Make an appropriate statement regarding risk management and Covid 19 response in your Trustees' Annual Report

Fraud – OSCR guidance

Anti-Fraud Policy

- Tailored definition of fraud
- Responsibilities
- Other policies (**risk register, conflict of interest**)
- Detection and investigation
- Disciplinary procedures
- Reporting
- Be acutely aware of Cyber fraud



Cyber Security - guidance



Key by charity income:

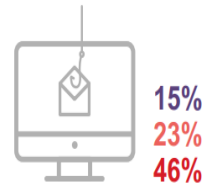
UNDER £100K

£100K TO UNDER £500K

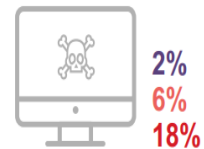
£500K OR MORE

£9,470

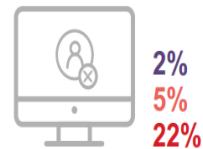
is the average annual cost for all charities that lost data or assets after breaches



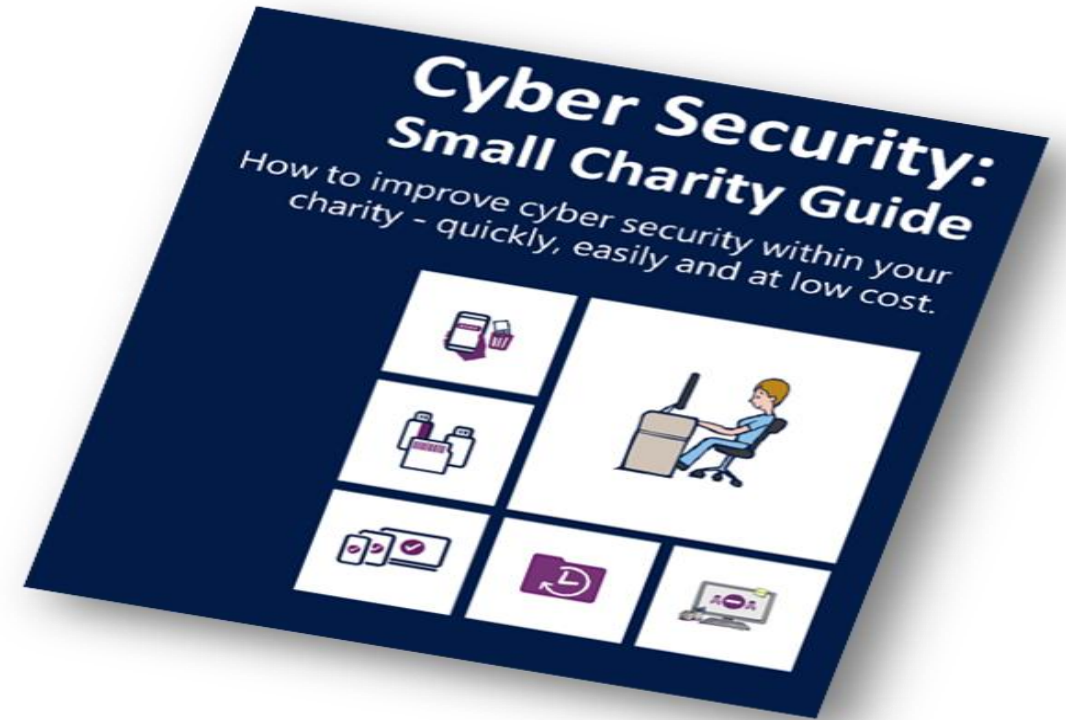
of charities in each income band had phishing emails



had viruses or other malware, including ransomware

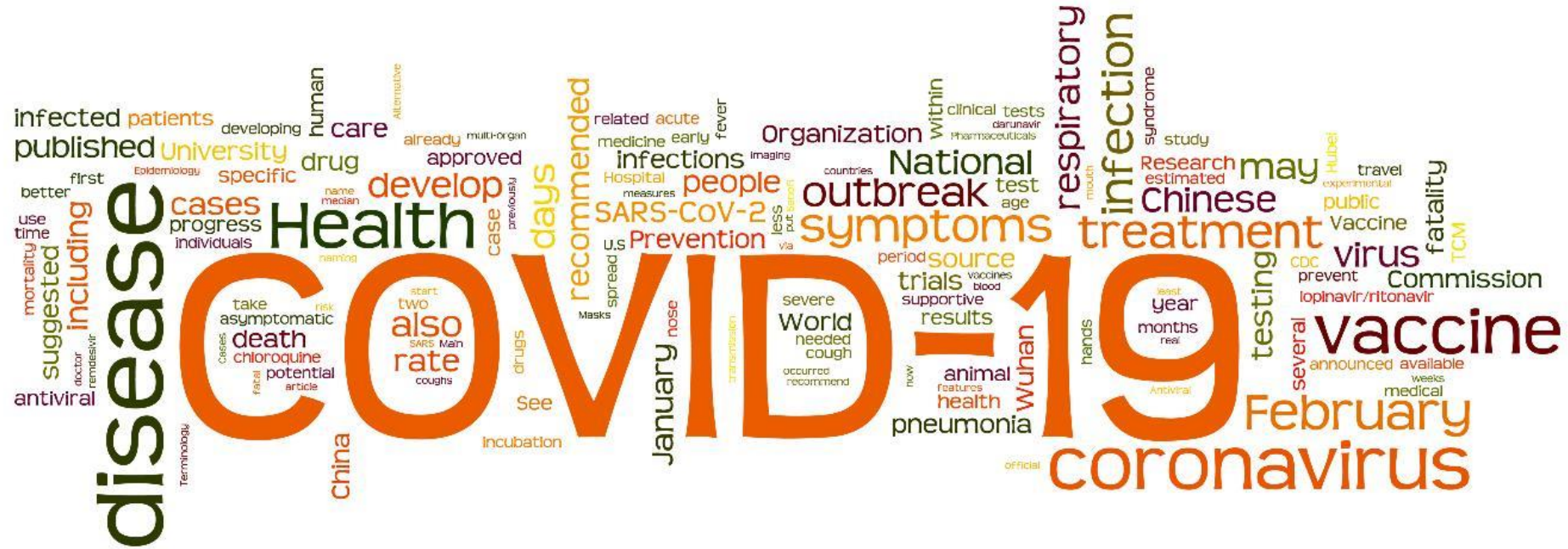


had others impersonating them in emails or online



Working with the executive team

A different relationship in the current environment !!!



Scenario planning

Scenario planning is making assumptions on what the future is going to be and how your operating environment will change over time. It is impossible to be certain about what will happen but mapping various scenarios can help plan for different outcomes.

- What are you most uncertain about?
- In what way will these uncertainties affect your charity?
- What decisions should the Board make and what should be delegated?
- Identify a range of different scenarios on how this might impact your: beneficiaries, staff and their ability to do the job (health & wellbeing), suppliers, funders, customers, partners and other key stakeholders.
- Identify indicators you might expect to see for the scenarios
- Keep reviewing and tweak for reality

Summary of challenges

Surviving the coronavirus pandemic will be tough for many – the third sector is no different from any other sector in that respect

Particularly at this time, charity trustees must remember that;

- You oversee your charity's control and management
- You must not lose sight of the legal responsibilities imposed on you by law
- Review, review, review your scenario analysis
- Work effectively as a team – “step up to the plate” – be aware of burn out!

COVID 19 – guidance for the sector

- Guide to digital safeguarding - <https://digisafe.thecatalyst.org.uk/>
- SCVO digital support - <https://scvo.org.uk/support/digital>
- OSCR has a Coronavirus guidance page <https://www.oscr.org.uk/guidance-and-forms/covid-19-guidance-for-charities/>
- OSCR has a dedicated Coronavirus news page <https://www.oscr.org.uk/news/charities-and-coronavirus-an-update-from-the-regulator/>
- OSCR Notifiable events - https://www.oscr.org.uk/media/2155/2016-03-15_guidance-for-notifiable-events_web-version.pdf
- SCVO - <https://scvo.org.uk/support/coronavirus/> Funding/staff/volunteers/leading your organisation
- NCVO - <https://www.ncvo.org.uk/practical-support/information/coronavirus>
- ACOSVO - <https://www.acosvo.org.uk/coronavirus-covid19>
- ACAS - <https://www.acas.org.uk/coronavirus>
- Scottish Government - <https://www.gov.scot/coronavirus-covid-19/>

Additional resources

- As Trustees you should **all** subscribe to both the OSCR and the SCVO newsletters !
- OSCR charity trustee information and guidance pack. This is the Trustee Bible !
<https://www.oscr.org.uk/guidance-and-forms/trustee-information-and-guidance-pack/>
- NCSC small charity cyber guide - <https://www.ncsc.gov.uk/collection/charity>
- The Getting on Board is an all-round useful resource - <https://www.gettingonboard.org/>

- Consider joining Changing the Chemistry www.changingthechemistry.org
- Charity events at Chiene +Tait, Burness Paull, Turcan Connell, BTO, MacRoberts, Wylie & Bisset etc
- Local Third Sector Interface (TSI)
- SCVO YouTube - <https://www.youtube.com/channel/UCmn-E6H1X6CXXsfc1WiK2BQ>
- Scottish Mediation www.scottishmediation.org.uk Helpline 0131 556 8118
- Scottish Tech Army - <https://www.scottishtarmony.org/>

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