

November 2017

Charity Commission response to the Taken on Trust research of charity trustees



CHARITY COMMISSION
FOR ENGLAND AND WALES

This research is important and timely. Charity trustees are the social muscle of our sector: largely unseen, and without financial reward, trustees are the stewards of over £75 billion charity income each year and lead the way in ensuring the 167,000 charities on our register deliver on their mission. Charities in turn are central to our society. Functions that make for our society, from preserving our national heritage to caring for the most vulnerable, from medical research to animal welfare are fulfilled by charities. And our reliance on the charity sector is growing, as charities take increasing responsibility for the delivery of public services. The public is aware of charities' growing relevance to their daily lives. Public awareness of having benefited from the work of a charity is on the rise, according to recent research into drivers of public trust.

So who charity trustees are, how they are recruited, and how they are supported in their work, matters to us as the regulator and matters to us all. If you care about volunteers you should pay attention to this extraordinary voluntary effort; if you want to support good leadership then you should recognise the critical leadership role of charity boards. It was against this backdrop that, with our partners in this research, The Office for Civil Society, Cass Centre for Charity Effectiveness and the Cranfield Trust, we undertook work which would enable us to better understand the perspectives and characteristics of the individuals who are currently serving as charity trustees.

Taken in this context, this new research offers rich insight and much encouragement. Despite the significant demands on their time and expertise, trustees are overwhelmingly positive about the rewards of the role. Far from feeling anxious about their responsibilities, most trustees tell us they take joy and pride in their work. This is to be welcomed and celebrated.

But there is no room for complacency about the state of trusteeship. The findings are sobering. Trustees do not reflect the communities that charities serve. They are disproportionately older, highly educated and white; men outnumber women by two to one and three-quarters earn above the national median household income. And most trustees are recruited informally from within trustees' existing networks, even in larger charities, meaning that this lack of diversity is perpetuated over time.

This presents two concerns to us as regulator. First, charities are missing out on the widest range of skills, experience and perspective at board level. Charities help tackle society's most important challenges, and work with some of the most vulnerable people in our communities. They are also operating in an environment of increasing public scrutiny. To continue to make an impact for their beneficiaries into the future, and retain legitimacy among the communities they serve, charities need to be smart, agile and creative. A diverse board can bolster a charity's resilience and give it the best chance of fulfilling its purposes into the future.

Second, uniformity at board level puts any organisation in any sector at risk of adverse group dynamics, including group-think, an unwillingness to challenge colleagues, and complacency of vision. Charities are not immune to that. It is to be welcomed that trustees consider their awareness of their legal duties as being high. In practice, the application of that knowledge may be compromised if there are behaviours and cultures that undermine good governance.

Trustees report a lack of digital skills and again this speaks to the need to expand the pool of talent; the future is digital, and technology offers opportunities not only in terms of fundraising and service delivery, but also for improving charities' governance, and helping trustees make better decisions.

Together, these findings present an opportunity for the sector to initiate change that secures its future. Those who are currently trustees should be thanked, celebrated and better supported. Trustees' enjoyment of their role tells us that trusteeship is valuable experience that charities can offer to groups currently underrepresented on boards. Larger charities have a particular responsibility to determine the right mix of skills, experience and personality required to steward their organisations effectively, and to recruit trustees accordingly.

We will continue to support the sector, wherever we can, in encouraging new people to consider trusteeship, for example through our involvement in Trustees' Week (13-17 November 2017). We will support charities themselves, as well as sector infrastructure bodies and support organisations. We will encourage collaboration to develop a strategy aimed at widening the pool of talent at board level, celebrate the contribution of trustees, and create better networks and tools for effective support.

The Commission, of course, has an important role to play in providing guidance to trustees. It is clear from this research that we are the most significant external source of advice and support to charity trustees. We will continue to improve our online offer, making our guidance as accessible and usable as possible, and to develop digital tools designed to reach trustees directly with advice and guidance about their legal duties. We are committed to using digital technology to make it as easy as possible for charities to engage with us when they need advice, legal consent or permission. We have developed a number of new digital resources and hope to make further new services and improvements to the support that we are able to offer available in the years ahead – subject to the resources we can secure to do this.

Looking ahead, our offer will need to focus not simply on the knowledge base trustees must hold, but also on the behaviours and culture that make for good governance. Our guidance must reflect our growing awareness of the interplay between knowledge, systems and behaviour in determining the quality of a charity's governance. We are working to develop our understanding in this area and this research gives us valuable insight.

But here again, the regulator alone cannot provide a complete solution. Sector organisations which seek to provide support and represent trustees need to consider carefully what this research tells them. The NCVO/Cranfield Trust report on support available to trustees, published alongside the main research, demonstrates that a wide range of rich support is available to trustees. Taken together, the two reports indicate a gap between the support available and the uptake. This presents a challenge to those offering support: they must ensure they cut through to where it is needed and can show an impact. Those with a mission to provide support to charities should study these findings and respond, including by tailoring their offer to the needs of smaller charities with 'hands-on' trustees. These efforts should focus on developing tools that help trustees create a healthy board culture of control and appropriate challenge.

One of the most striking findings of this research, part of the compelling case for better support and widening the pool, is the contribution current trustees make. This research values trustees' service at a financial equivalent of £3.5 billion. That is a remarkable figure and trustees are to be celebrated and commended for their work. And for the work they lead and the impact they create to grow and thrive into the future, this research presents a powerful call to action.

We would like to thank all those who contributed to this important research.

This research has produced rich data about charities and trusteeship. This data will be made available for all to use in the hope that it will prompt further research and analysis.

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