RS1 - Trustee Recruitment, Selection and Induction

Contents

Introduction

This report examines how charities select, recruit and induct new trustees.

It is the first of a new series of studies by the Commission of issues that are important for regulating the propriety and effectiveness with which charities are governed. We, the Commissioners, see these new reports as an important new way of meeting our legal responsibility under the Charities Act 1993 to give advice and guidance to trustees, and to promote the development of better methods of charity administration.

There are about a million trustees running charities in England and Wales. If they were not prepared to put in time and effort for the good of others, usually unpaid, charity work would not get done and the community at large would be the loser. Whether the charity is a multi-million pound organisation running a large, professional operation, or a small local group with no staff and only modest resources, being a trustee is a job which involves important responsibilities, and which needs to be learnt like any other.

Between them, trustees look after 185,000 registered charities, with an income of £25 billion and assets of more than £60 billion. They do so on the whole with great dedication and fulfilment, and considering how many charities there are, cases where trustees run into serious difficulties are rare.

When charities do get into difficulty, however, the governance provided by trustees can unfortunately be part of the problem. Difficulties are likely to follow where trustees do not fully understand where their responsibilities begin and end, or where they do not have enough information about their charity's activities, or enough control over them.

When people first become trustees, therefore, they need to understand what is involved, and are entitled to expect help with preparing themselves to do the job effectively.

Best practice on recruitment and induction is already very good. Some charities are thinking harder about how to find trustees with the right skills and experience, and looking for them more energetically, and from a wider range of ages and social and economic backgrounds. Many charities are also showing flair and thoroughness in introducing new trustees to the charity and its work, and, where necessary, to the essentials of what being a trustee involves. Charities are able to call on a wide range of advice and guidance from the Commission and others to help with this.

But the clear message from this report is that improvement is needed.

Too many charities are relying too much on recruitment methods that are narrower and more passive than they could and should be. If more charities used the full range of options more imaginatively, our work suggests that the common impression that potential trustees are scarce would be less widespread.

Too many charities are also expecting new recruits to come to terms with the demands of the job without access at the outset to basic information about the charity's activities, finances and constitutional aims.

Introduction

And not enough trustee bodies are aware of the need to check that new candidates for trusteeship are legally eligible, and how to go about this.

Addressing these issues at the start of trusteeship is not a complete answer to governance problems, but it is an important first step.

The recruitment, selection and subsequent induction of a new trustee into a charity are an opportunity to improve the effectiveness of that charity. Where all three elements work properly it can lead to a balanced, well informed, and effective trustee body that can result in a well governed and effective charity. Where the process is weak, or absent, then at best the effectiveness of the trustee board may be hampered; at worst it can lead to major problems for the charity and its beneficiaries.

Difficulties that the Commission encounters in charities include cases where trustees:

- treat their position as purely honorary, and do not appreciate their responsibilities for the charity and its resources; or

- do not make themselves familiar with the charity's constitution, so that they are not clear what it does and does not have the power to do; or

- do not spot circumstances in which they need to get specialist advice, for example on legal or financial issues; or

- leave an individual trustee or staff member, or a small group, to run matters without sufficient accountability or control; or

- allow personal affairs and resources to become entangled with those of the charity, or otherwise fail to spot and manage potential conflicts of interest; or

- manage the charity in their own interests or those of a narrow interest group, not those of the charity as a whole.

All of these problems can be avoided by taking care over recruitment and by providing a robust induction programme that gives new trustees the information, both about their role as trustee and about their charity, that they need.

The findings of our examination of Charity Commission cases and an NOP survey are summarised below. Further information on each point can be found in the main body of the report. Charities seeking assistance to improve their recruitment, selection, and induction process may find the resources listed in Annex B useful.

Recruitment and selection

- When recruiting new members to their board, existing trustees must be clear in their own minds about the charity's purpose and aims. They also need to understand their broader duties and responsibilities as trustees, to ensure both that they are acting in the best interests of the charity, and that they are in a position to explain to new trustees what is required of them.

- Trustees need to ensure that they, rather than staff, retain overall responsibility and control of the trustee recruitment, selection and induction process.

- Existing trustees have a clear role to play in overseeing the effective management of an open and efficient process. This applies

whether trustees themselves select new colleagues, or whether other arrangements apply (for example, election or nomination by a membership).

• An assessment of the skills present, or "skills audit", of the existing trustees is a best practice way to identify gaps. This assessment should include consideration of what skills are required by the board to perform effectively, and whether there are any gaps.

• For smaller and simpler charities, the assessment can be simple, and need not involve more than the application of common sense.

• For larger and more complex charities, a more formal and structured skills audit will usually be of benefit. It is a matter of concern that few charities except for the largest carry out such reviews, and that, even of the largest charities, over half of those surveyed did not do so.

• The NOP survey did not bear out the widespread perception that suitable trustees are intrinsically hard to find.

• It is a reasonable assumption that recruitment difficulties could be reduced by a combination of better assessment and audit of skills needs, coupled with more open and inclusive methods of search, including advertising and networking between charities.

• Current levels of reliance on personal recommendation and word-of-mouth are surprisingly high, and there is a need for charities of all sizes to broaden their recruitment practices and adopt more transparent methods.

• The Commission believes that diversity is an important factor for accountability and public confidence and we urge charities to seek greater diversity across their trustee boards.

• The Commission welcomes the growing emphasis by some charities on diversity in recruitment of trustees, and urges this as a further reason for charities to seek to rely less on traditional methods of recruitment and more on methods which are inclusive and transparent.

• Charities should use trustee "job descriptions" or similar guidance to provide prospective trustees with a balanced account of what the role of trustee entails, including their duties and responsibilities as a trustee.

• Charities should ensure that all its new and potential trustees have access to the Charity Commission's publication **Responsibilities of Charity Trustees (CC3)** and that they have read and understood the contents.

• Trustees must ensure that they are aware of the legal rules on eligibility to serve as a trustee, bearing in mind that it is a criminal offence to serve as a trustee if disqualified from doing so.

• The current position on performance of checks on new trustees is unsatisfactory.

• The Charity Commission will publish guidance clarifying and publicising the obligation on trustees to check

the eligibility of new trustees, and giving practical advice on how to do so.

- All charities should have in place arrangements for identifying and managing conflicts of interest and ensure that their trustees are aware of these arrangements.

- It is good practice to ensure that potential new trustees consider the question of possible conflicts of interest before there is commitment on either side. This is particularly important where personal interests may be significant enough to make it difficult for the individual concerned to make a full and rounded contribution to the board's discussions and decisions.

- Charities should consider whether user trustees could improve their effectiveness and responsiveness. Potential conflicts of interest need to be carefully considered but will usually be manageable.

Induction

- Charities should provide all trustees with sufficient induction material to allow them to understand their charitable purposes, financial position and current issues. The NOP survey suggests that more consistent application of this best practice is required, mainly by smaller charities, but also by some of the largest.

- Induction material should always include the charity's governing document, in addition to accounts, with explanatory material where necessary, and recent minutes of trustee meetings.

- There is scope for the development of better and more comprehensive training material for new trustees and others in the basic requirements and skills of trusteeship. Sector bodies and funding agencies should consider how the development of such training could be financed and how it could be made most widely available.

- Ideally, such training should be capable of leading, or contributing, to an accredited qualification, and should be available in a variety of forms, including as distance learning.

- The Commission stands ready to participate as a partner in the development of such training material, and particularly to help assure the soundness and completeness of its technical content dealing with matters of charity finance, governance and propriety.

- As an interim measure, there is scope for current providers of training material for trustees to publicise, and the Charity Commission to co-ordinate and "signpost" it more effectively.

- Charities should seek to establish systems of evaluation and review so that they can measure the effectiveness of the recruitment and induction arrangements they have adopted.

Charity Commission guidance

Existing Charity Commission guidance focuses on what an effective and efficient trustee board should look like rather than on how such a board can be created. Preparing this report has shown that, in addition providing new guidance on charity checks, the Charity Commission's existing guidance could be improved by setting out in more detail good governance arrangements for recruiting, selecting and inducting trustees.

- Transparent recruitment, selection and induction procedures, which use elements of good practice should be regarded as one of the hallmarks of a good charity. The Charity Commission will amend its Hallmarks publication, **CC60**, to reflect this point and we will use it in our Review Visits to assess the extent to which this good practice is followed.

- The Charity Commission will consolidate its existing guidance on trustee recruitment, selection and induction into one booklet dealing with trustee responsibilities.

Trustees and governance

Trustees are responsible for controlling a charity's management and administration. They are responsible for ensuring that a charity's income and property are used only for the purposes set out in the charity's governing document and for no other purpose. Trustees have a responsibility to act reasonably and prudently in all matters relating to the charity, and have a responsibility to act in the best interests of the charity.

To achieve continuous improvement in the service they provide to beneficiaries, charities need to be open to change. This report and the survey undertaken in connection with it by NOP show that, although many charities are adopting current good practice in relation to trustee recruitment and induction, there are many who are not.

Trusteeship is a skill that grows over time with experience - and with training where necessary. But the better a charity handles the selection, recruitment and induction of new trustees at the outset, the greater the immediate contribution they will be able to make to the quality of its governance and its work. This is likely to produce, not only better results for those the charity is there to help, but also greater confidence and fulfilment for the new trustees themselves.

As well as contributing to these positives, good selection, recruitment and induction can contribute to the avoidance of some negatives. In more than 40% of the investigation cases the Commission closed in 2000/01, mismanagement or maladministration was a factor. Poor governance, including poor understanding or performance of trustee responsibilities, was a frequent feature in these cases.

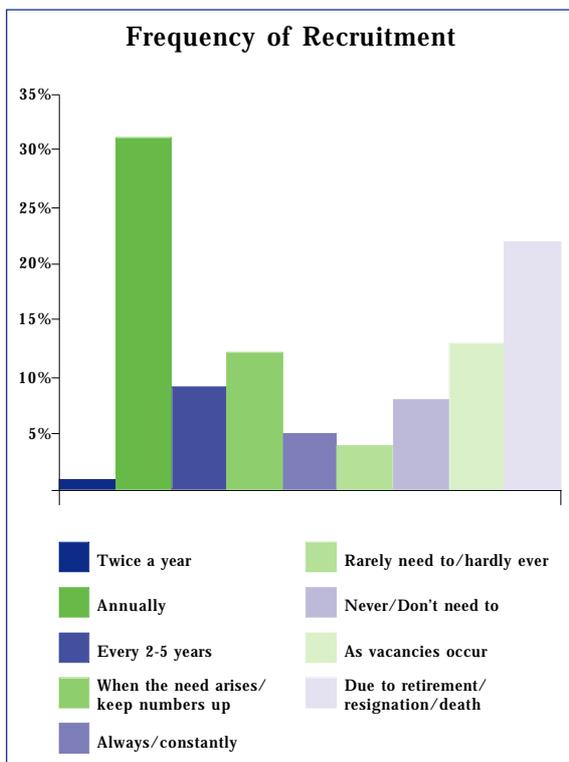Difficulties that the Commission encounters in charities include cases where trustees:

- treat their position as purely honorary, and do not appreciate their responsibilities for the charity and its resources; or

- do not make themselves familiar with the charity's constitution, so that they are not clear what it does and does not have the power to do; or

- do not spot circumstances in which they need to get specialist advice, for example on legal or financial issues; or

- leave an individual trustee or staff member, or a small group, to run matters without sufficient accountability or control; or

- allow personal affairs and resources to become entangled with those of the charity, or otherwise fail to spot and manage potential conflicts of interest; or

- manage the charity in their own interests or those of a narrow interest group, not those of the charity as a whole.

By law, the Commission's objective is to attempt to use its powers to make charities effective in the work that they exist to do. If a charity has got into difficulties through honest mistakes, the Commission will usually be prepared to work with the trustees if it can to sort

matters out. But the Commission has chosen trustee recruitment and induction as the subject for this pilot study in the hope that helping trustees at the start will prevent some cases of difficulty from arising in the first place.

Preparing to recruit

The survey carried out by NOP for this study showed that 31% of charities recruit at least one trustee each year. In 78% of large charities and 44% of small charities, the existing trustees have the sole responsibility for appointing some or all of the trustees (see Annex A for full survey results and definitions of charity size).

Frequency of Recruitment

- Twice a year
- Annually
- Every 2-5 years
- When the need arises/ keep numbers up
- Always/constantly
- Rarely need to/hardly ever
- Never/Don't need to
- As vacancies occur
- Due to retirement/ resignation/death

It follows that,

- when recruiting new members to their board, existing trustees must be clear in their own minds about the charity's purpose and aims. They also need to understand their broader duties and responsibilities as

trustees, to ensure both that they are acting in the best interests of the charity, and that they are in a position to explain to new trustees what is required of them.

Trustees of charities that employ staff can delegate aspects of the recruitment process to their staff, but

- trustees need to ensure that they, rather than staff, retain overall responsibility and control of the trustee recruitment, selection and induction process.

Whatever the method for selecting new trustees,

- existing trustees have a clear role to play in overseeing the effective management of an open and efficient process. This applies whether trustees themselves select new colleagues, or whether other arrangements apply (for example, election or nomination by a membership).

Taking responsibility for recruiting, selecting and inducting new trustees - Case study

This case highlights what happened when the existing trustees of a charity did not pay sufficient attention to the recruitment and induction process for new trustees.

- A very large charity became the subject of a formal Charity Commission inquiry following the discovery of financial irregularities in connection with the chief executive.

- Despite its size the charity had no formal recruitment and selection procedure and no induction

process. The trustees did not play a significant role in the selection of new trustees. Instead the chief executive would choose people. The existing trustees would vote the proposed new trustees onto the committee with little consideration of other options and often without even meeting them.
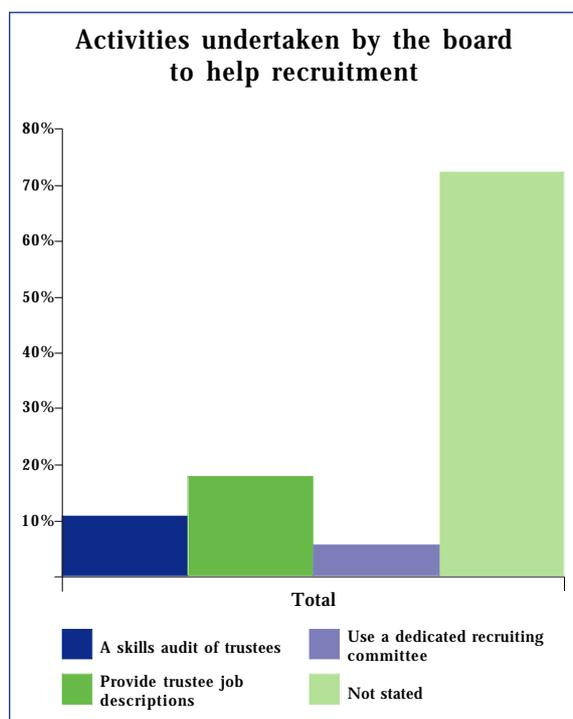
• Over time this lead to a trustee body that had largely been selected by the chief executive and which, in the absence of proper induction procedures, relied almost exclusively on the chief executive for information. The marginalisation of the trustees was a factor in allowing quite serious problems to develop. The eventual outcome was a loss of funds, the dismissal of the chief executive, and a major overhaul of the charity's procedures.

Skills and experience

A charity's trustee board, when recruiting new trustees, should first consider what skills, knowledge and experience their board needs to ensure that the charity is well governed, and run effectively, economically, and appropriately to its size and complexity. This does not mean that trustee boards should contain "experts" or specialists to cover every eventuality. However, a charity should consider how many trustees it needs for its board to run effectively and the attributes or competencies these trustees should have to add value to the board. This is a valuable process in its own right and trustees should periodically review the position rather than wait until a vacancy occurs.

When preparing to recruit, or at suitable intervals, trustees should make an assessment of the skills and experience called for by the charity and the extent to which they are provided by existing trustees, so as to identify whether there are particular characteristics which they should seek in new recruits. Additional skills may be needed when seeking to fill specific posts eg chair or treasurer. Where trustees are elected or appointed by others, there is still value in trustees making this assessment and providing it to those with the power of appointment.

• An assessment of the skills present, or "skills audit", of the existing trustees is a best practice way to identify gaps. This assessment should include consideration of what skills are required by the board to perform effectively, and whether there are any gaps.

• For smaller and simpler charities, the assessment can be simple, and need not involve more than the application of common sense.

• For larger and more complex charities, a more formal and structured skills audit will usually be of benefit. It is a matter of concern that few charities except for the largest carry out such reviews, and that, even of the largest charities, over half of those surveyed did not do so.

Activities undertaken by the board to help recruitment

Legend:
- A skills audit of trustees
- Provide trustee job descriptions
- Use a dedicated recruiting committee
- Not stated

In exceptional cases, a charity may decide that it needs a wider range of skills, and hence more trustees than its constitution currently allows, for its board to be effective. While care is needed to avoid trustee bodies that are too large for effective decision-taking, some charities may need to request that the Commission uses its legal powers to increase the number of its trustees.

Thinking about the skills and composition of the trustee board - Case study

This case highlights what can happen when there is a lack of a review procedure to assess the skills and composition of a charity's trustee body.

- The trustees of the charity were in dispute over a number of issues. One of the issues of dispute centred on the charity's governing document which restricted who was eligible to be appointed as a trustee, by requiring potential

trustees to be active in the charity for a period of time and to undergo a rigorous internal nomination procedure.

- The trustees lacked any review procedure to enable them to assess the skills and the composition of the trustee body.

- The trustees were encouraged to think about the areas from which they were recruiting; were they missing out on opportunities to attract good quality trustees?

- Limitations on where trustees can recruit should be avoided. If the governing document forces trustees to recruit from a narrow pool it is highly likely that a charity will restrict not only the skills available but also the types of people on the trustee body.

- In these circumstances it is particularly important that a skills audit is used. The situation needs careful monitoring and may lead to a revision of the governing document provisions. Trustees should ask themselves if the reasons the restrictions were originally included are still valid.

Finding the right people

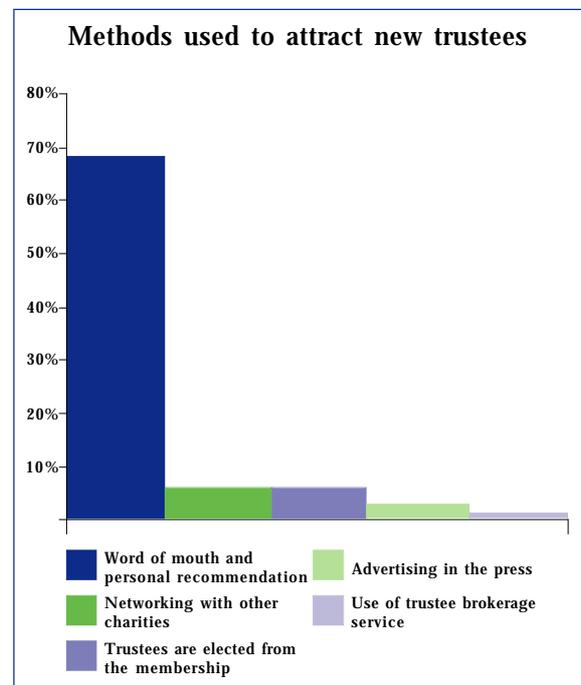Having decided what skills and experience they need in new trustees, charities need to consider how best to find and attract them. To achieve this, charities may find that they have to open up their traditional recruitment methods to attract new trustees who fulfil these requirements. This is particularly so where charities wish to attract a greater diversity of age and experience (including social and economic background) to the charity. Unless specifically authorised by a charity's governing document, a trustee cannot be paid. However, expenses incurred in the course of acting as a trustee can be reimbursed.

There is a widespread view that, in general, good trustees are hard to find. This was not, on the whole, borne out by the results of the NOP survey. Of charities surveyed, 53% indicated that they never had a problem recruiting new trustees, and 31% indicated that they had difficulties only sometimes. That the survey did not clearly bear out the popular perception of difficulty was, in some ways, all the more surprising in the light of what it showed about current practice in seeking suitable trustees.

Are problems encountered in filling vacancies on the trustee body

53% 4% 12% 31%

- Always
- Sometimes
- Never
- Not stated

Traditionally, word of mouth and personal recommendation have been the main methods used to recruit new trustees. This remains true to a striking degree. Reliance was placed on these methods by almost 70% of charities surveyed throughout the size range, and was highest for large (84%) and very large (85%) charities.

Methods used to attract new trustees

80%
70%
60%
50%
40%
30%
20%
10%

- Word of mouth and personal recommendation
- Networking with other charities
- Trustees are elected from the membership
- Advertising in the press
- Use of trustee brokerage service

Word of mouth and personal recommendation appear more likely than other methods to narrow the catchment of trustee bodies, and less capable of providing a thorough means of seeking people to fill gaps identified in skills assessments and audits. At worst, there is a risk that these methods, which are intrinsically difficult to operate in a transparent fashion, could perpetuate exclusivity or the appearance of exclusivity.

By contrast, the use of wider and more inclusive methods of search, such as advertising, using trustee brokerage services and networking with other charities, were little used. It is surprising, given rapidly growing expectations of

transparency and accountability in society as a whole, that no more than 11% of large and very large charities advertised for trustee vacancies, and that the use of advertising was negligible for medium and smaller charities. Just 6% of charities networked with other charities to attract new trustees and only 1% had used trustee brokerage services.

The 3% of charities surveyed which had advertised trustee vacancies in the press had done so with varying degrees of success. Some charities felt they had not advertised for trustees in the most appropriate publications, while others commented that the people who responded lacked the skills and knowledge the charity required. By contrast, the Commission is aware from its wider contacts with charities of cases where advertising has been very successful in extending stakeholder participation and tapping new sources of high-quality candidates. Charities which use advertising should consider carefully where the advert will be placed and ensure that the wording and information given accurately reflects the charity and the skills and experience required.

- The NOP survey did not bear out the widespread perception that suitable trustees are intrinsically hard to find.

- It is a reasonable assumption that recruitment difficulties could be reduced by a combination of better assessment and audit of skills needs, coupled with more open and inclusive methods of search, including advertising and networking between charities.

- Current levels of reliance on personal recommendation and word-of-mouth are surprisingly high, and there is a need for charities of all

sizes to broaden their recruitment practices and adopt more transparent methods.

Diversity

A charity will often benefit from seeking to recruit and retain trustees who reflect and have knowledge of the communities and areas in which in which the charity operates. For some charities, diversity in the trustee body will be a major, specific issue. The Commission also shares the widely held view that charity governance in the aggregate will be improved and strengthened if charities of all kinds are able to attract trustees from a wider range of ages and of social and economic backgrounds than has traditionally been the case.

We did not specifically prompt charities surveyed by NOP to comment on whether they encountered any difficulties relating to a desire to attract a more diverse or more representative board. However, seven charities volunteered that they wished to recruit more black and ethnic minority trustees, four that they wished to recruit more women trustees and a further five that they wished to recruit both women and black and minority ethnic trustees. Seven per cent (7%) of respondents had a concern about the age of their trustees and a desire to recruit younger trustees. We welcome the aspirations to greater diversity in trusteeship shown in these unprompted comments, but note that they are unlikely to be readily achievable by charities that continue to place heavy or exclusive reliance on personal recommendation as their prime means of recruitment.

In fact the predominant methods of recruiting trustees are likely to actively work against diversity. This position is not sustainable when there is pressure

on charities to be more inclusive and make greater efforts to reflect the composition and diversity of a changing society. The Commission believes that diversity is an important factor for accountability and public confidence and we urge charities to seek greater diversity across their trustees boards. This is a theme we will pursue in both new and existing work, and in discussion with the sector and umbrella bodies.

In particular charities should note the advent of the Race Relations (Amendment) Act 2000. This Act gives "public bodies", which includes some charities, a general duty to promote race equality. It also stands as a statement of good practice for all charities to aspire to. The Commission, as a public body, is also subject to this legislation and it impacts on our regulation of individual charities. We will be issuing detailed advice to charities on this new Act later this year.

Trustees should be aware that other elements of diversity are also affected by legislation, for example the Disability Discrimination Acts. Even if the appointment of a trustee is not specifically affected by legislation, charities should look to such legislation as a example of good practice.

•	The Commission believes that diversity is an important factor for accountability and public confidence and we urge charities to seek greater diversity across their trustee boards.

•	The Commission welcomes the growing emphasis by some charities on diversity in recruitment of trustees, and urges this as a further reason for charities to seek to rely less on traditional methods of recruitment and more on methods which are inclusive and transparent.

Diversifying a trustee board - Case study

This case highlights the steps taken by a large charity, established to support and promote the needs of young people, to diversify its board by including more young people as trustees.

•	The charity had two trustees under the age of 26 on its board. The charity's governing document required its trustees to be drawn from its membership.

•	The charity's existing trustees were keen to explore different avenues to enhance user involvement, but they wanted to avoid any criticisms of tokenism. As the trustees were aware they were unlikely to hear about potential younger trustees by word of mouth, they wanted to explore new and innovative methods of directly contacting their membership to become new trustees. These methods included a mobile phone text message campaign and visits to the charity's youth clubs. Both methods were also seen as a way of getting direct feedback from young people.

•	The trustees developed very clear policy guidelines designed to help young trustees become part of an effective board. The existing trustees were aware that younger trustees might feel intimidated joining an established board and took steps to counteract this. These steps included establishing mentoring schemes as well as putting together development and training opportunities for the new

trustees. At the time of writing the trustees were also considering introducing an observation period for potential trustees to see what being on the board entails and a trial period for the new trustee once they have been appointed.
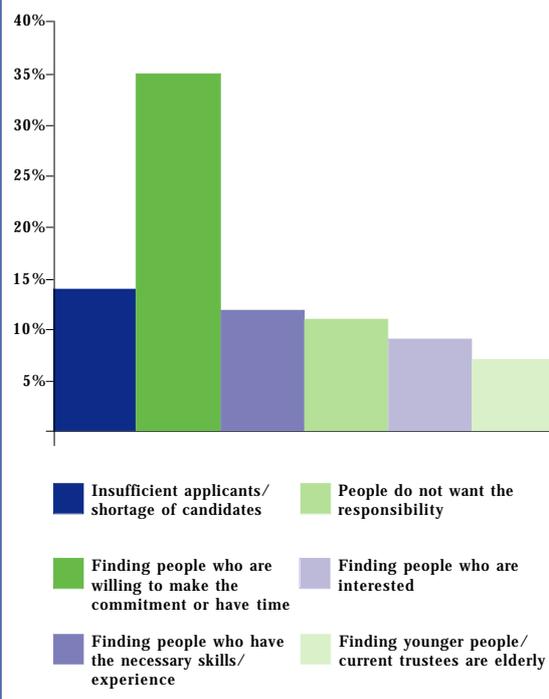
Describing the rôle

Prospective trustees with a clear idea of their duties and responsibilities are more likely to be effective from the outset of their appointment. The recruitment process should therefore give prospective trustees a balanced and realistic picture of what being a trustee entails.

Existing trustees should be encouraging and open in their dealings with new trustees and avoid either glossing over or exaggerating the role. Openness about the duties and responsibilities of a trustee will demystify them and help to reassure prospective candidates about any concerns they might have. An informal meeting at an early stage of the selection process can provide an opportunity for existing trustees to provide prospective trustees with an understanding of what a trustee is required and expected to do.

Thirty-five per cent (35%) of charities surveyed that had difficulty in recruiting trustees mentioned concerns by prospective trustees over the amount of time the role would take. Being frank about this may be useful, either in reassuring potential recruits about their ability to act, or in deterring those who would genuinely be unable or unwilling to make the necessary commitment.

The main reason why charities experience problems recruiting trustees

Legend:
- Insufficient applicants/ shortage of candidates
- Finding people who are willing to make the commitment or have time
- Finding people who have the necessary skills/ experience
- People do not want the responsibility
- Finding people who are interested
- Finding younger people/ current trustees are elderly

A trustee "job description" is recognised good practice, and can be a useful way of explaining the role of trustee to new or prospective trustees. Trustee job descriptions can also be used to complement a skills audit. The NOP survey shows that, currently, only 18% of charities use trustee job descriptions and 11% use a skills audit.

Written guidance about trusteeship is widely available to charities, including the Commission's booklet **Responsibilities of Charity Trustees (CC3)**, (see Annex B for more information). As part of the registration process for new charities, the Commission asks the trustees to declare that they are aware of and have read our guidance on trustee responsibilities.
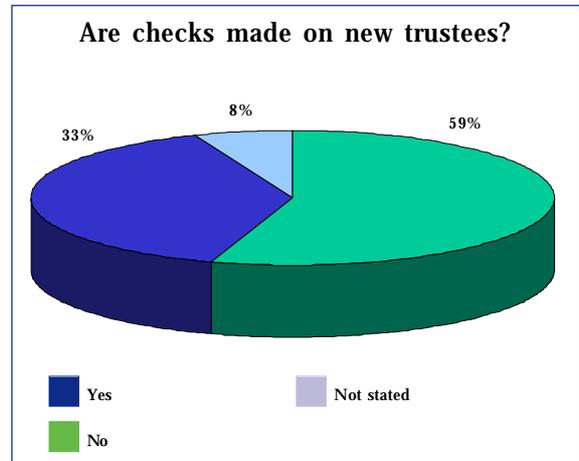
- Charities should use trustee job descriptions or similar guidance to provide prospective trustees with a balanced account of what the role of trustee entails, including their duties and responsibilities as a trustee.

- Charities should ensure that all its new and potential trustees have access to the Charity Commission's publication **Responsibilities of Charity Trustees (CC3)** and that they have read and understood the contents.

People who are disqualified from acting as trustees

Some people are legally disqualified from acting as trustees. When a new charity registers, the Charity Commission asks the trustees to sign a declaration[1] that they are not disqualified from acting. Once registered we expect the charity's trustees to collectively ensure that the board does not appoint or contain any individuals disqualified from acting as a charity trustee. Charities must ensure that they or their staff make the necessary checks on prospective trustees, as it is a criminal offence for a disqualified person to act as a trustee. If existing trustees proceed to appoint a person who is disqualified then this is likely to be a breach of trust.

Only 33% of the charities surveyed had carried out formal checks on prospective trustees. The current position is unacceptable, as it puts both charities and individuals at risk. The Commission will shortly publish advice to all charities to clarify their obligations and provide practical advice on how to fulfil them.

Are checks made on new trustees?

■ Yes	■ Not stated
■ No	

A person is disqualified from acting as a trustee if they fall under any of the following provisions, detailed in section 72 (1) of the Charities Act 1993:

- People under the age of 18, unless the charity is a registered company;

- Anyone convicted of an offence involving deception or dishonesty unless the conviction is spent;

- Anyone who is an undischarged bankrupt;

- Anyone who has previously been removed from trusteeship of a charity by the Court or the Commissioners; and

- Anyone who is under a disqualification order under the Company Directors Disqualification Act 1996.

In certain cases the Charity Commission has the power to grant a waiver and allow a person disqualified from trusteeship, under section 72 (1) of the Charities Act 1993 to accept a trustee post. We only agree in those cases where the charity can clearly demonstrate that the waiver is in the best interests of the charity.

---

[1] The form is called a DEC 1.

Considering alternative roles for people who are disqualified from acting as trustees - Case study

This case highlights that individuals valued by a charity and considered as prospective trustees can still effectively contribute to the organisation's work, despite the fact they are disqualified from acting as a trustee under the Charities Act 1993.

- The trustees of a medium sized charity approached the Charity Commission applying for a waiver in relation to a prospective trustee, who was disqualified from taking up the post under section 72 (1) of the Charities Act 1993. The charity valued the work, commitment and enthusiasm the individual had shown and wanted her to become a trustee.

- Ultimately, the case that the trustees presented to the Commission was not sufficiently strong for us to grant the waiver when considered against the nature and circumstances under which the prospective trustee was disqualified from acting. However, although our decision meant that the prospective trustee could not accept the office at this time, it did not stop her from contributing to the charity through other voluntary channels.

- Charities should think about the range of roles, in addition to trusteeship, within their organisation and how they can be developed to attract and retain people. Roles will vary depending on the size and nature of the charity, possibilities include patrons, ambassadors, advisers and volunteers.

Some charities, for example those with vulnerable beneficiaries, may need to make additional checks on prospective trustees to ensure they are not disqualified from accepting the office. These checks may involve liaison with the police or, when it is established, the Criminal Records Bureau. Trustees should be vigilant to ensure they remain informed of any specific requirements. New powers to check trustee details are expected in April 2002 and will be covered in the guidance that the Commission proposes to publish.

- Trustees must ensure that they are aware of the legal rules on eligibility to serve as a trustee, bearing in mind that it is a criminal offence to serve as a trustee if disqualified from doing so.

- The current position on performance of checks on new trustees is unsatisfactory.

- The Charity Commission will publish guidance clarifying and publicising the obligation on trustees to check the eligibility of new trustees, and giving practical advice on how to do so.

Conflicts of interest

All trustees must act - and be seen to act - in the best interests of the charity and not for their own private interest or gain. There may be situations where a trustee's own interests and the interests of the charity arise simultaneously or appear to clash. For example, an educational or housing charity might be providing direct or indirect benefit to a potential trustee or a family member.

Conflicts of interest

The issue is not the integrity of the trustee concerned, but the charity's management of any potential overlap or conflict of interests. Not all conflicts of interest (including those mentioned above) stand as a bar to service as a trustee - that will depend on the circumstances, including the size and nature of the benefit at issue. It will often be enough for a trustee to withdraw from discussions and decisions which closely involve their interests, or simply to declare interests which are more general or indirect so that everyone is clearly aware of them. Dealing with a conflict of interest is covered in a number of Commission publications; however, the Commission intends to issue further specific guidance on this subject towards the end of 2002.

It is vital that all charities have arrangements in place for spotting and dealing with potential conflicts of interest and ensure that their prospective and new trustees are aware of these arrangements. An open approach to potential conflicts of interest, which includes recognising, acknowledging and managing the issue in a transparent and efficient manner, can help to meet good practice guidelines and protect the reputation of the charity.

Identifying and dealing with conflicts of interest - Case study

This case highlights the steps taken by a large charity to spot, manage and address conflicts of interest.

- A large charity, providing educational services for women, tackles conflicts of interest in its induction booklet. New trustees are asked to declare any financial or personal interests they hold in relation to organisations or contracts, which may relate to work undertaken by the charity. The Secretary or her nominees keep a note of all disclosures of interests in a register.

- If an actual conflict of interest arises the trustee is asked to declare the interest and withdraw from the meeting until discussion of the item and voting has been completed. Any votes inadvertently cast in contravention of the disclosure provisions are not counted.

- The charity has found that effective tackling of disclosure and conflicts of interest requirements contributes to the development of more open and transparent ways of working, which helps meet good practice guidelines and serves to protect the reputation of the charity.

- All charities should have in place arrangements for identifying and managing conflicts of interest and ensure that their trustees are aware of these arrangements.

- It is good practice to ensure that potential new trustees consider the question of possible conflicts of interest before there is commitment on either side. This is particularly important where personal interests may be significant enough to make it difficult for the individual concerned to make a full and rounded contribution to the board's discussions and decisions.

User trustees

In principle, the Commission welcomes user trusteeship, as user trustees can enhance the effective management of the charity and have a positive impact on the delivery of its services. The inclusion of users (ie anyone who uses or benefits from a charity's services) can also help to ensure a more diverse and representative board.

However, whether to include users as trustees is a decision that each charity should consider based on its own circumstances and needs. Both for user trustees and for trustees more generally, charities may need to take particular care about the possibility of conflicts of interest between a trustee's personal interest and those of the charity and to have in place clear policies and processes for demonstrating that any potential conflict has been avoided. Depending on the nature of the charity, users can have a range of potential interest, and the existing trustees need to consider carefully who is a user, and (for trustees more generally) where a conflict of interest might arise. There also needs to be a suitable provision within the charity's governing document to allow a user trustee to receive benefits from the charity. The Commission's published guidance **Users on Board** (**CC24**), and **The Public Character of Charity** (**RR8**), which can be viewed at **www.charitycommission.gov.uk**, provide further information.

- Charities should consider whether user trustees could improve their effectiveness and responsiveness. Potential conflicts of interest need to be carefully considered, but will usually be manageable.

Users on board - Case study

A charity developed user trusteeship as a way of furthering its objects whilst enhancing its own services.

- A large mental health charity operates an innovative user trustee programme. The charity's governing document makes provision for a number of people who use the charity's services to act as trustees and has found that having users as trustees has bought it many benefits; it has acted as a catalyst for enhancing the charity's effectiveness and efficiency by providing more responsive, better services to users.

- The programme is clearly defined and treats the period of trusteeship as an experience that can provide a method of therapy for some of the user trustees.

- Running the programme does carry time and financial resource implications for the charity, which it considered and addressed before beginning the programme. Overall, this charity has found that the programme has benefited users of the charity's services in a unique way whilst contributing to the development of the charity.

Induction

The results of the NOP survey suggested that charities may need to do more to induct new trustees. Only 22% of charities provided an induction programme or tour. The chances of a new trustee receiving some form of structured induction rose with the size of the charities surveyed, reflecting their increased scale and structural complexity. Seventy-five per cent (75%) of very large charities confirmed they carried out a formal tour/induction compared to just 14% of small charities.

Regardless of their size and nature, all charities need to consider the needs of new trustees by providing an induction programme that is proportionate to the circumstances of the trustee and the charity, and that equips them with the information and tools they need to become effective and valuable board members as quickly as possible.

All trustees, as part of their induction, should receive a copy of the charity's key documents and an explanation of their purpose and effect.

The requirements for an induction programme will vary depending on individual charities needs and circumstances. Smaller and more straightforward charities may find that a discussion with existing trustees is a suitable way for a new trustee to learn everything they initially need to know to begin their trusteeship effectively. The chair of the trustee board can play a key role in introducing a new trustee to the charity. Larger and more complex charities may find it useful to have a more systematic induction programme, including meetings, visits and comprehensive reading material.

Induction in larger charities - Case study

This case highlights the main steps and tools used by a very large charity to ensure that its new trustees are welcomed and inducted effectively into the organisation.

- The charity employs a part-time trustee officer, who is responsible for supporting the induction process. A checklist, covering all the areas of the charity's work, is used as a basis for creating an induction programme tailored to suit the needs of the new trustee.

- The trustee officer meets with the new trustee as soon as possible after his/her appointment, in order to discuss induction needs and to distribute key information, such as the charity's governing document, accounts and minutes from meetings. A copy of our booklet, **Responsibilities of Charity Trustees** (**CC3**), organisational charts and information about the charity's policies are also provided.

- The induction programme ensures that the new trustee meets with key charity personnel and ensures that any conflicts of interest are declared. The charity's trustee nominating committee appoints an existing trustee to act as a mentor for the new trustee.

- Additionally, the charity has put together its own "Trustee Guide" to support the induction programme. It contains a comprehensive overview of the history and work of the organisation and information about the roles and responsibilities of being a charity trustee.
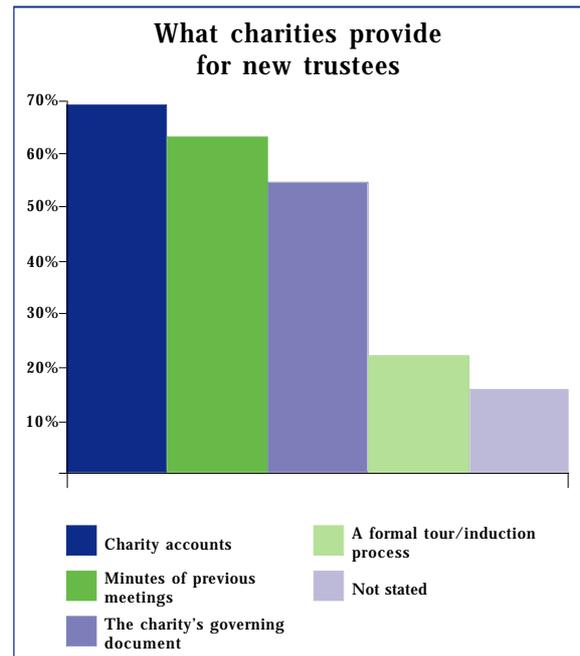
- Most smaller charities, and significant numbers of larger ones, need to do more to provide a structured induction for new trustees.

Information every new trustee needs

Becoming a trustee of a charity brings with it specific responsibilities, of which new trustees need to be aware. In particular, trustees must have access to the information they need to be able to satisfy themselves that the funds and assets of the charity have been properly administered. All trustees, as part of their induction, should receive an "induction pack" containing a copy of the charity's key documents (usually the charity's governing document, latest set of annual accounts and copies of minutes from previous meetings) accompanied by an explanation of their purpose and effect. In more complex charities details of other trustees, senior staff, management structure etc will help the new trustees find their feet. If the charity has a strategic plan, a visions and values statement or similar, then this should also be made available to the new trustee.

Worryingly, the NOP survey revealed that overall only 55% of the charities surveyed automatically supply their trustees with a copy of the charity's governing document. Forty-eight per cent (48%) of small charities provided new trustees with a copy of their governing document, compared to 86% of very large charities. In some cases, where charities have particularly large and complex governing documents, the documents themselves, without further explanation, might not be effective in informing new trustees about the charity's purposes and key arrangements for its governance and administration.

But the survey figures, particularly for smaller charities, give cause for concern that charities may not consistently be providing new trustees with these key items of information.

What charities provide for new trustees

Legend:
- Charity accounts
- Minutes of previous meetings
- The charity's governing document
- A formal tour/induction process
- Not stated

Charities should give latest accounts and, if necessary, help with understanding their layout and content, to new trustees, together with minutes from previous trustee meetings. These are necessary to help the new trustee gain an understanding of the charity's financial position and an awareness of the resource issues it is facing. According to the NOP, 69% of charities provided accounts to new trustees, and 63% provided minutes of previous meetings. Whilst these figures are an advance on those for the provision of the governing document, they suggest that good practice could be more consistently applied. Again larger charities fare better, with 91% of new trustees provided with accounts.

- Charities should provide all trustees with sufficient induction material to allow them to understand their charitable purposes, financial position and current issues. The

NOP survey suggests that more consistent application of this best practice is required, mainly by smaller charities, but also by some of the largest.

- Induction material should always include the charity's governing document, in addition to accounts, with explanatory material where necessary, and recent minutes of trustee meetings.

Trustees' ability to assert their authority

Trustees need to work together as a team to ensure their charity is run effectively and efficiently. As a body, the trustee board should contain people who collectively have the skills and confidence that will enable the charity to confront and challenge any issues affecting it. This means that boards should work to avoid situations where knowledge, or an excessive degree of influence, is held in the hands of a select few (who may not be trustees themselves). An effective induction programme can equip a board to fulfil its role. In our experience, boards that do not have an appropriate induction programme are less able to "hold their own" when faced with a challenge to their authority. These boards often run into difficulties that may lead to our intervention.

- Good induction will help trustees to assert their authority and face up to any challenges their charity may face.

Trustees need to "hold their own" - Case study

This case highlights an instance where a dedicated group of trustees were unable to assert their authority because a lack of proper induction meant they were unable to fully understand their role.

- A large charity operating in the field on mental health got into severe difficulties and became the subject of a Commission inquiry. The charity was quite complex, it owned property, employed a range of staff, had contracts to deliver some services, and was dealing with vulnerable beneficiaries.

- The trustee body, whilst dedicated to the charity and its beneficiaries, had a very narrow range of skills and was largely static. There was little or no induction or ongoing training for trustees. This left the trustee body ill equipped to run such a complex organisation and they relied almost exclusively on the guidance and direction of the charity's senior staff.

- When trustees lack the skills and confidence to in any way challenge what they are told then they are ineffectual and become marginalised; even if on the face of it they appear to be active in the affairs of a charity.

- Financial irregularities and contractual problems developed that led to a crisis that the trustees could not deal with. They were unable to take control of the situation and continued to rely

exclusively on direction from outside the trustee body. The Commission appointed additional trustees and, having secured the future of the beneficiaries, the charity is no longer operating.

Securing charity property

Situations can arise where the property of an individual trustee becomes entangled with that of the charity. For example, a trustee might let a charity use his/her home as the charity's premises. A clear understanding of this issue, which in its broadest sense is a conflict of interest, at the very outset of a trustee's appointment is important. When first taking office a new trustee should familiarise his/herself with the charity and should take steps to "secure the property". This may mean having to regularise any outstanding property issues; a failure to do this will simply perpetuate a problem.

- By properly examining the affairs of their charity a new trustee will be made aware of, and take steps to correct, any outstanding problems relating to the assets of the charity.

- It is vital that a clear distinction is drawn between the charity's property and the individual's property and that the two are properly separated at the beginning of a trustee's term.

Ensuring the property of the charity is secured - Case study

This case highlights some problems that can arise when there is no clear distinction between charitable property and private property.

- The founders of a small charity bought a piece of land from which they planned to operate the charity. The land remained in the names of the founders instead of being properly conveyed to the charity.

- Some time later a dispute broke out between the trustees of the charity. Part of the dispute involved the use and development of the charity's property. The founders of the charity, who were now acting as trustees, viewed the land as their private property and treated it as such, which inflamed the dispute. Our intervention was required in order to clarify and regularise the issue.

- The land, which had been bought for charitable use, was properly conveyed to the charity and vested in the Official Custodian for Charities (OC) to safeguard it for the future. This removed the main element of the dispute and officers from the Commission worked with the trustees and charity membership to resolve the other outstanding issues.

- The failure, not just of the founding trustees, but also their successors to address and regularise the status of the land means the trustees failed to uphold the duty of care principle. All new trustees must take steps to secure the property of the charity upon their appointment; a process which should be explained and the appropriate information supplied, to enable trustees to do this during their induction period.

Training for new trustees

For charities, trustee induction provides an opportunity to provide new trustees with the basic information and training they need to begin their appointment as effectively as possible. Induction should be seen as forming part of the broader remit of trustee training and development. Although not dealt with in this report, the issue of on-going trustee training and development is one which is intrinsically linked to ensuring the effective running of the charity, including the recruitment, selection and induction of trustees.

It is likely that prospective trustees will find the availability of further training opportunities after the initial induction has ended an attractive and reassuring prospect, and training may help to retain good trustees in charities which have suffered from trustee retention problems in the past. Using ongoing training to equip trustees with additional knowledge and skills designed to meet the needs of the charity, and reflect the different positions of trustees, is one way of helping to ensure the charity runs effectively and efficiently.

There is a wealth of guidance available to charities, but the survey results clearly show that a substantial number do not appear to be using recommended good practice tools or meeting good practice recommendations. A possible response to this situation is to develop training packages which will enable trustees navigate their way to and through the available guidance, meeting their needs and those of their charity more effectively and efficiently. Accrediting the training, making it user friendly and accessible through a broad range of mediums including the Internet, would give charities confidence in the product and carry weight.

- There is scope for the development of better and more comprehensive training material for new trustees and others in the basic requirements and skills of trusteeship. Sector bodies and funding agencies should consider how the development of such training could be financed and how it could be made most widely available.

- Ideally, such training should be capable of leading, or contributing, to an accredited qualification, and should be available in a variety of forms, including as distance learning.

- The Commission stands ready to participate as a partner in the development of such training material, and particularly to help assure the soundness and completeness of its technical content dealing with matters of charity finance, governance and propriety.

- As an interim measure, there is scope for current providers of training material for trustees to publicise, and the Charity Commission to co-ordinate and "signpost" it more effectively.

Evaluating recruitment and induction

If trustees adopt a more formal approach to recruitment selection and induction, adopting the best practice guidelines that are appropriate to their charity, then that is not the end of the process. As with all aspects of the charity's work the trustees need to monitor the effectiveness of the system and make changes to keep it fresh and relevant.

Trustees should bear in mind the requirements of their charity when considering this process. Smaller and simpler charities are likely to find that they can use more informal methods of monitoring and revising policies relating to the overall development of the trustee board than larger and more complex charities. Larger charities should consider adopting a system that meets the needs of the organisation, taking into account the charity's wider arrangements for business planning, output targeting and assessment.

•   Charities should seek to establish systems of evaluation and review so that they can measure the effectiveness of the recruitment and induction arrangements they have adopted.

Survey techniques

As at August 2001, the Commission held details of just over 739,000 individuals currently acting as a trustee of a registered charity. Some of these will be trustees of more than one charity. This figure excludes trustees of unregistered and exempt charities. Overall, we estimate that there are currently over a million trustee positions in England and Wales.

During summer 2001, a random sample of 3000 charities was taken from the Commission's register. The sample was taken across four income bands:

Small   £10,000 or less
Medium   £10,001-£250,000
Large   £250,001-£999,999
Very large   £1,000,000 plus

NOP were commissioned to carry out a postal survey of the trustee recruitment, selection and induction practices in the selected charities. The initial phase of the survey consisted of a postal questionnaire, which was developed jointly between the Charity Commission and NOP.

The postal survey achieved a 47% return rate, which is high for surveys of this nature. In total 1401 completed forms were returned to NOP for analysis.

Charity size and proportions sampled and returned

Size of charity	Income band	% in total register	% selected for mailing	% in return
Small	£10,000 or less	65	50	45
Medium	£10,001 - £250,000	30	30	30
Large	£250,001 - £999,999	4	10	11
Very large	£1,000,000 plus	2	10	13

The second phase of the survey was to carry out in-depth telephone interviews using a script developed jointly between the Charity Commission and NOP. Fifty charities, covering the chosen income bands, were interviewed in an attempt to explore in more detail issues relating to trustee recruitment, selection and induction.

During this period seminars were arranged with staff in the Charity Commission to discuss issues and experiences arising from trustee recruitment, selection and induction practices. Illustrative studies relating to practices in charities were obtained from the Charity Commission's rich casework archive. Meetings with charities were also held to help gather information about trustee recruitment, selection and induction.

Survey findings - Trustee recruitment and selection

Open questions, or those where a charity could choose more than one option predominate. Tables 5, 11, 12 and 14 show the results of questions where the charity could give only one answer and therefore these are the only tables where the aggregate score equals 100%.

How many trustees do you have?

Charities were asked to confirm the size of their present trustee board and to state what they think the ideal number of trustees for their charity is.

Table 1: Current number of trustees and ideal number of trustees

Number of trustees	Current %	Ideal %
1-5	46	42
6-10	33	32
11-15	13	15
16+	7	7
Don't Know	1	4

How are trustees appointed?

Charities were asked to confirm how new trustees are appointed.

Table 2: How trustees are appointed. Percentage of charities that have one or more trustees appointed by each method

Method of appointment	Total %	Small %	Medium %	Large %	Very large %
Elected	49	46	53	53	53
Nominated or co-opted by current trustees	51	44	60	78	71
Appointed by another body	20	20	19	19	28
Appointed by virtue of a position held elsewhere	31	35	24	22	25
Not stated	2	2	1	1	-

What do people get from being a trustee?

During in-depth interviews charities were asked to explain what they felt people gained from trusteeship. Many charities agreed that acting as a trustee is personally fulfilling because it enables people to contribute to a cause which they have a particular interest in, for example:

"Personal satisfaction that they have done something worthwhile".

"The pleasure of being associated with a business-like and valuable charity".

"There is some satisfaction in helping a charity and getting involved in the third world and donating time and perhaps money or resources to the charity".

Is it more difficult to recruit trustees today?

A range of charities were asked to comment during in-depth interviews whether they felt it was more difficult to recruit new trustees today than it was five years ago.

Table 3: Difficulty of recruiting compared to 5 years ago

Difficulty	Total
Base: All in-depth interviews	**50**
Same	48%
Worse	36%
Easier	6%
Don't Know	10%

The interviews uncovered a range of views, for example:

"I don't think five years has made much of a difference".

"There are intense time pressures everywhere, both in business and academia. People simply can't spare the time".

How often do charities recruit new trustees?

We asked charities to confirm the frequency with which they appointed new trustees.

Table 4: Frequency of recruitment

Frequency	Total %	Small %	Medium %	Large %	Very large %
Twice a year	1	1	1	2	3
Annually	31	28	31	26	23
Every 2-5 years	9	11	8	13	17
When the need arises or to keep numbers up	12	9	15	14	12
Always/constantly	5	3	7	12	8
Rarely need to/hardly ever	4	4	4	4	6
Never/don't need to	8	10	5	2	1
As vacancies occur	13	11	15	17	14
Due to retirement/resignation/death	22	22	22	18	22

Reasons for recruiting within five years

In-depth interviews probed why some charities recruit new trustees within a five-year period. The main reason given was that it is a requirement in the charity's governing document. Other reasons included:

"Simply because people indicate that they want to stand down".

"New people have new ideas".

"Brings new blood into the charity".

Lack of knowledge and continuity were seen as the biggest disadvantages of recruiting trustees at intervals of less than five years.

Reasons for recruiting after more than five years

In-depth interviews also explored the experiences of charities that do not recruit new trustees frequently. The main reason was that the regular recruitment of new trustees was not a requirement of the charity's governing document. Other reasons included:

"We are happy with our trustees that we have at the moment and can see no reason to change them".

"People build up experience".

"Greater continuity in carrying forward a strategic plan".

A lack of new input and new initiative were seen as the biggest disadvantages to recruiting new trustees on an infrequent basis.

How difficult is it to recruit new trustees?

Charities were asked to indicate if they ever faced difficulties in recruiting and selecting new trustees.

Table 5: Survey findings - Trustee recruitment and selection

Difficulties faced	Total %	Small %	Medium %	Large %	Very large %
Always	12	11	14	9	5
Sometimes	31	27	36	45	50
Never	53	57	48	45	44
Not stated	4	5	2	1	2

What difficulties are experienced in recruiting new trustees?

Charities were asked to indicate if they experienced any difficulties when recruiting new trustees.

Table 6: Survey findings - Trustee recruitment and selection

Difficulties	Total %	Small %	Medium %	Large %	Very large %
Insufficient applicants/shortage of candidates	14	18	9	9	5
Finding people who are willing to make the commitment or have time	35	29	43	42	58
Finding people who have the necessary skills/ experience	12	5	16	41	52
People do not want the responsibility	11	10	14	10	4
Finding people who are interested	9	8	10	8	4
Finding younger people/current trustees are elderly	7	7	9	2	4

In-depth interviews explored with charities the main difficulties they faced in recruiting new trustees.

"People nowadays do not want the commitment and responsibility".

"The people who are willing to serve may not have the skills you are looking for".

Ways of overcoming difficulties

Charities were asked what methods they had used, or would consider using, to help them recruit new trustees.

Table 7: Survey findings - Trustee recruitment and selection

Methods used	Total %	Small %	Medium %	Large %	Very large %
Persuasion	16	21	10	5	5
Asking/approaching suitable people	10	10	10	6	4
Word of mouth	7	6	6	17	18
By asking members/people already involved in the organisation	6	4	8	7	6
Personal contact	5	4	8	5	8

Why some charities do not face problems recruiting trustees

We asked charities to indicate why they perceived they did not face difficulties when recruiting new trustees.

Table 8: Survey findings - Trustee recruitment and selection

	Total %	Small %	Medium %	Large %	Very large %
People are interested in the aims of the organisation	12	11	15	21	9
We are a small group/organisation/church	12	13	10	-	8
Members are always willing to become trustees or are automatically trustees	19	20	19	23	15
Service users willing to join/parents/ parishioners/congregation	8	8	10	6	7
Large number/pool of people to choose from	8	7	9	15	20
All ex-officio trustees	9	11	5	1	5
Small duties involved	6	8	2	4	-
Existing trustees recommend somebody	5	5	5	4	8
Appointments are made through bureau/ local authorities	4	5	2	1	7
We are a small village/town	4	5	3	-	-
We have long serving trustees	4	4	5	1	3
Appointments are made through parish/ branches	4	5	3	-	1
Suitable/high calibre experienced people available	3	2	5	8	12
It is a matter of prestige/honour to be a trustee	2	2	1	6	11
Good reputation of charity/organisation	1	*	1	6	17

How do charities attract new trustees?

Charities were asked to confirm what methods they used to attract new trustees.

Table 9: Survey findings - Trustee recruitment and selection

Methods used	Total %	Small %	Medium %	Large %	Very large %
Word of mouth and personal recommendation	68	63	74	84	85
Networking with other charities	6	3	11	20	14
Trustees are elected from the membership	6	6	7	5	8
Advertising in the press	3	2	5	11	11
Use of trustee brokerage service	1	*	1	2	3

In-depth interviews were used to explore with charities in more detail the various methods used to attract new trustees.

"Initially, individuals are asked to come to a meeting with existing trustees present and see if it is to their liking".

"Generally, because somebody knows somebody, who they think could be a good person".

"Prospective trustees are usually approached at meetings or social events".

"The organisation and what it stands for is really what spurs members on to stand for election".

Tools to assist recruitment

Charities were asked to confirm if they prepared in advance tools to assist the recruitment and selection process.

Table 10: Survey findings - Trustee recruitment and selection

Activities	Total %	Small %	Medium %	Large %	Very large %
A skills audit of trustees	11	6	15	40	41
Provide trustee job descriptions	18	13	26	37	36
Use a dedicated recruiting committee	6	6	5	7	12

Formal checks

Charities were asked to confirm whether they made any checks on prospective trustees prior to appointment.

Table 11: Survey findings - Trustee recruitment and selection

Are checks made?	Total %	Small %	Medium %	Large %	Very large %
Yes	33	28	41	40	55
No	59	63	53	54	39
Not stated	8	9	6	6	6

Charities with elected trustees

Charities with elected trustees were asked to confirm how often the same people were re-elected.

Table 12: Survey findings - Trustee recruitment and selection

Frequency of re-election	Total %	Small %	Medium %	Large %	Very large %
Always	32	32	33	29	35
Sometimes	62	62	61	68	59
Never	4	4	4	-	4
Not stated	2	2	2	3	2

In-depth interviews probed the issue of re-election in more detail.

"The only reason we don't recruit is because we can't find anybody to recruit, that's the problem".

"We don't have any requirement in our trust deeds for regular re-appointment of trustees so people serve indefinitely until they cease to be trustees".

Survey findings - Trustee induction

What information are new trustees provided with?

Charities were asked to confirm if, as a matter of course, they provided new trustees with key pieces of information about the charity.

Table 13: What do charities provide for new trustees?

Information	Total %	Small %	Medium %	Large %	Very large %
Charity accounts	69	63	78	86	91
Minutes of previous meetings	63	58	71	78	81
The charity's governing document	55	48	66	81	86
A formal tour/induction process	22	14	31	57	75
Not stated	16	20	9	4	4

"A copy of anything and everything".

"They will have talks about what they might bring and what they hope the outcome of their term will be, but there is no structured induction".

"The type of people we are taking on as trustees have probably got all the skills they need to run the charity".

Is the appointment of a new trustee formally recorded?

Charities were asked to confirm if they recorded the appointment of a new trustee in the charity's record or minutes book.

Table 14: Is the appointment of the new trustee formally recorded?

	Total %	Small %	Medium %	Large %	Very large %
Yes	80	76	86	91	95
No	15	17	11	8	3
Not Stated	5	6	3	1	2

Resources for trustees

There are many resources which charity trustees can tap into to help them with recruitment, selection and induction issues. While this is not a definitive list of all the sources of information available, it does offer a good overview and a useful starting point.

Organisations

These organisations can provide you with a wide range of help, support and information.

n   The Charity Commission for England and Wales

Responsibility for charities is split between our four offices. Further information can be obtained from the Commission at:

London	**Liverpool**	**Taunton**	**Newport**
Harmsworth House	2nd Floor	Woodfield House	8th Floor
13-15 Bouverie Street	20 Kings Parade	Tangier	Clarence House
London	Queens Dock	Taunton	Clarence Place
EC4Y 8DP	Liverpool L3 4DQ	Somerset TA1 4BL	Newport NP19 7AA

Tel: 0870 3330123
Minicom: 0870 3330125
E-mail: feedback@charitycommission.gsi.gov.uk
Website: www.charitycommission.gov.uk

n   National Council for Voluntary Organisations (NCVO)

Extensive information available on all the issues covered in this report and a wide range of support services.

National Council for Voluntary Organisations
Regent's Wharf
8 All Saints Street
London N1 9RL

Tel: 0800 2798798
E-mail: ncvo@ncvo-vol.org.uk
Website: www.ncvo-vol.org.uk

◻ **National Association for Councils for Voluntary Service (NACVS)**

The NACVS network provides a wide range of information and support for charities.

National Association for Councils for Voluntary Service
3rd Floor Arundel Court
177 Arundel Street
Sheffield S1 2NU

Tel: 0114 278 6636
E-mail: nacvs@nacvs.org.uk
Website: www.nacvs.org.uk

◻ **Directory of Social Change (DSC)**

The Directory promotes positive social change and provides a wide range of resources for trustees.

London	**Liverpool**
24 Stephenson Way	Federation House
London NW1 2DP	Hope Street
	Liverpool L1 9BW

Tel (Books): 020 7209 5151
Tel (Training and Events): London 020 7209 4949 & Liverpool 0151 708 0117
E-mail (Training and Events): London training@dsc.org.uk &
Liverpool: north@dsc.org.uk
Website: www.dsc.org.uk

◻ **Institute of Chartered Secretaries & Administrators (ICSA)**

ICSA provides information and good practice guidance on governance issues affecting the sector. They also have a trustee register (see below) available to charities needing new trustees.

16 Park Crescent
London W1B 1AH

Tel: 020 7580 4741
E-mail: info@icsa.co.uk
Website: www.icsa.org.uk

∩   BoardSource

This American organisation, formerly the National Center for Non-Profit Boards (NCNB) provides a wealth of good practice advice on issues concerning trustee governance. The website is comprehensive and there is an e-mail facility for specific queries on increasing the effectiveness of your organisation.

Website: www.boardsource.org

∩   Charity Trustee Networks

This charity offers trustees mutual support by encouraging and developing self-help trustee network groups providing cost effective, peer-to-peer consultancy and mentoring.

PO Box 633
Godalming GU8 5ZX

Tel/fax: 01428 682 252
E-mail: info@trusteenetworks.org.uk
Website: www.trusteenetworks.org.uk

∩   VolResource

This Internet-only resource for charities offers quick links to useful organisations concerned with the effective running of charities.

E-mail: info@volresource.org.uk
Website: www.volresource.org.uk

∩   Association of Chief Executives of Voluntary Organisations (ACEVO)

ACEVO provides good practice resources and information on sector issues.

ACEVO
83 Victoria Street
London
SW1H 0HW

Tel: 0845 345 8481
E-mail: info@acevo.org.uk
Website: www.acevo.org.uk

n   Ethnic Minority Foundation (EMF) & the Council of Ethnic Minority Voluntary Organisations (CEMVO)

EMF and CEMVO develop resources for black and minority ethnic organisations, these include networking and training opportunities and a trustee register.

Boardman House
64, Broadway
Stratford
London E15 1NG

Tel: 020 8435 0000 or Freephone: 0800 6520390
E-mail: enquiries@emf-cemvo.co.uk
Website: www.ethnicminorityfund.org.uk

Journals, magazines and newspapers

The following publications often cover issues relevant to trustee recruitment, selection and induction.

n   Charity Times

Website: www.charitytimes.com
Subscriptions: 020 7426 0496/0123

n   Voluntary Sector

Contact NCVO for details.

n   Third Sector

Subscriptions: 020 8709 9050

n   Charity Finance

Subscriptions: 020 7819 1204

n   Charity Management

Write to the address below for subscription information:

Mitre House Publishing
The Clifton Centre
110 Clifton Street
London EC 2A 4HD

n   The Guardian - Society section on Wednesdays

Website: www.SocietyGuardian.co.uk

Trustee registers and brokerage services

NCVO free booklet Trustee bank: A directory of trustee brokerage services details a range of trustee finding services. Trustees can also refer to magazines and journals to check advertisements for trustee brokerage services and consider contacting their local Council for Voluntary Service (CVS) office for further information. ICSA and EMF also offer trustee registers - see above for contact information.

Books and other publications

The following resources are a good starting point on the general issue of trustee recruitment, selection and induction, which are covered in this report. A more detailed list of books and other publications can be found in the bibliography section.

Akpeki, T. (2001) Recruiting and supporting black and minority ethnic trustees, NCVO, London.

Ashby, J. (1997) Towards voluntary sector codes of practice, Joseph Rowntree Foundation, York.

Cairns, E. (1997) Charities: law and practice, Sweet & Maxwell, London.

Charity Commission, Responsibilities of charity trustees (CC3), Charity Commission, London.

Charity Commission, The hallmarks of a well-run charity (CC60), Charity Commission, London.

Charity Commission, Users on board: beneficiaries who become trustees (CC24), Charity Commission, London.

Books and other publications

Charity Commission: Trustee responsibilities (available on the Commission's Website), Charity Commission, London.

Cornforth, Chris. (2001) Recent trends in charity governance and trusteeship, NCVO, London.

Directory of Social Change, (1994) How to be a better trustee (Part 1: roles and responsibilities).

Eastwood, M. (2001) The charity trustee's handbook, Directory of Social Change, London.

Ford, K. (1993) The effective trustee: roles and responsibilities, Directory of Social Change, London.

Ford, K. (1992) Trustee training and support needs, NCVO, London.

Hind, A. (1995) The governance and management of charities, The Voluntary Sector Press, High Barnet.

Hudson, K. (1999) Managing without profit, Penguin, London.

The College of Law: Legal Network TV (2001) Charities: tools for trustees, LNTV, London.

Luxton, P. (2001) The Law of Charities, Oxford University Press.

NCVO (1999) The good trustee guide, NCVO, London.

NCVO (1992) On trust: increasing the effectiveness of charity trustees and management committees, NCVO, London.

NCVO (1997) Getting on board: strategies for finding and supporting trustees; Trustee briefing No. 4.

Palmer, P., and Harrow, J. (1994) Rethinking charity trusteeship, ICSA, London.

Picarda, H. (1995) The law and practice relating to charities, Butterworths, London.

Quint, F. (1999) Running a charity, Jordans, London.

Warburton, J. (1995) Tudor on Charities, 8th Ed., Sweet & Maxwell, London.

Annex C

Bibliography

ACEVO, (1998) Partners in leadership: towards a new style of governance and management for professionally managed charities, ACEVO, London.

Akpeki, T. (2001) Recruiting and supporting black and minority ethnic trustees, NCVO, London.

Akpeki, T. Getting the best board. In Vision (supplement to Voluntary Sector) August-September 2001.

Akpeki, T. What dreams may come. In ThirdSector Trustee February 2001.

Arnott, J. Thirst for knowledge. In ThirdSector Trustee February 2001.

Ashby, J. (1997) Towards voluntary sector codes of practice, Joseph Rowntree Foundation, York.

Burnett, K. Trusteeship. In ThirdSector May 17 2001.

Butler, T. Fully fledged? In ThirdSector June 29 2000.

Butler, T. Sounding boards. In ThirdSector Trustee February 2001.

Cairns, E. (1997) Charities: law and practice, 3rd Ed., Sweet & Maxwell, London.

Canavon, M and Smith, P. (2001) Representing the people ; democracy and diversity, Local Government Association, London.

Charity Commission (2004), Registering as a charity (CC21), Charity Commission, London.

Charity Commission (2003), Choosing and preparing a governing document (CC22), Charity Commission, London.

Charity Commission (2000), Users on board – Beneficiaries who become trustees (CC24), Charity Commission, London.

Charity Commission (2004), The hallmarks of an effective charity (CC60), Charity Commission, London.

Charity Commission (2002) Responsibilities of charity trustees (CC3), Charity Commission, London.

Charity Commission (1999) Making a scheme (CC36), Charity Commission, London.

Cornforth, Chris. (2001) Recent trends in charity governance and trusteeship, NCVO, London.

Bibliography

Directory of Social Change, (1994) How to be a better trustee (Part 1: roles and range).

Eastwood, M. (2001) The charity trustee's handbook, Directory of Social Change, London.

Ford, K. (1992) Trustee training and support needs, NCVO, London.

Harris, M and Rochester, C (2001), Governance in the Jewish voluntary sector, Institute for Jewish Policy Research, London.

Hill, N. When service users enter the board room. In The Guardian/Society February 1 2001.

Hill, N. In the line of fire. In The Guardian/Society May 17 2000.

Hind, A. (1995) The governance and management of charities, The Voluntary Sector Press, High Barnet.

HLB Kidson in association with NGO Finance (2000) Voluntary sector governance survey 2000, Plaza Publishing Limited.

Hudson, K. (1999) Managing without profit, 2nd Ed., Penguin, London.

ICSA (1999) The appointment and induction of charity trustees, ICSA, London.

James, J. Fresh targets. In The Guardian/Society April 18 2001.

Laurance Linda Trustees and Conflict Management, Croner CCH Voluntary Organisations Briefing, Issue 106 February 2001.

Legal Network TV. (2001) Charities: tools for trustees, The College of Law, London.

Luxton, P. (2001) The Law of Charities, Oxford University Press.

Maggs, L. Making the difference. In ThirdSector May 17 2001.

McCurry, P. Charities give volunteer trustees the cold shoulder. In The Guardian/Society, May 10 2001.

McCurry, P. Charities cast the net wider in search for trustees. In The Guardian/Society February 1 2001.

McCurry, P. Charities must market volunteering to the young. In The Guardian/Society November 9 2001.
McCurry, P. Mixing it up. In Vision (supplement to Voluntary Sector) August-September 2001.

National Center for Non-Profit Boards. What should I know before joining the board? NCNB. Ask NCNB.

National Center for Non-Profit Boards. What goes in the board manual? Ask NCNB.

National Center for Non-Profit Boards. Board member SOS. Board Member Vol. 9 No 10

Bibliography

November/December 2000.

National Center for Non-Profit Boards. A star studded board. Board Member Vol. 10 No 2 February 2001.

National Center for Non-Profit Boards. Clinging to the past - how can a new member make a difference on an old board. Board Member Vol. 8 No 6 June 1999.

National Center for Non-Profit Boards. Board checklist. Board Member Vol. 8 No 6 June 1999.

National Center for Non-Profit Boards. Nonprofits offer lesson in gender diversity. Board Member Vol. 8 No 6 June 1999.

National Center for Non-Profit Boards. Making room for improvement. Board Member Vol. 10 No 3 March 2001.

National Center for Non-Profit Boards. Removing a difficult board member. Board Member Vol. 9 No 6 June 2000.

NCVO (1997) Trustee bank: A directory of trustee brokerage services: Trustee briefing No. 7, 2nd Ed., NCVO, London.

NCVO (1999) The good trustee guide, NCVO, London.

NCVO (1992) On trust : increasing the effectiveness of charity trustees and management committees, NCVO, London.

NCVO (1997) Getting on board: strategies for finding and supporting trustees; Trustee briefing No. 4, 2nd Ed., NCVO, London.

NCVO Research Quarterly May 1999.

NCVO Research Quarterly January 1998.

National Audit Office Report Giving Confidently: The Role of the Charity Commission in Regulating Charities October 2001.

National Centre for Volunteering. Diversity challenge. www.diversitychallenge.org

National Training Organisation (1999) Management matters: management development needs in the voluntary sector in Wales.

Nolan, P. Recruiting older volunteers. In Charities Management, Autumn 2000.

Parsons, R and Dyer, P. Take quality on board. In Vision (supplement to Voluntary Sector) August-September 2001.

Palmer, P., and Harrow, J. (1994) Rethinking charity trusteeship, ICSA, London.

Picarda, H. (1995) The law and practice relating to charities, 2nd Ed., Butterworths, London.

Quint, F. (1999) Running a charity, 2nd Ed., Jordans, London.

Ramrayka, L. Jewish organisations hit by volunteer shortage. In The Guardian/ Society April 19 2001.

Ramrayka, L. The good guide. In Vision (supplement to Voluntary Sector) August-September 2001.

Sandison, A. Recruiting trustees the easy way. In Voice March 2000.

Sandison, A. The need for a considered approach to appointing charity trustees. In Charities Management, Spring 1997.

Sargent, N, and Kirkland, K. (1995) Building on trust: a study of charity trustees, NCVO, London.

Sayer, K. How to manage the relationship with trustees. In The Guardian/Society July 13 2001.

Sayer Vincent Building an effective trustee board. In Bulletin, Sayer Vincent.

Sweet & Maxwell's Property Statutes (1998), 5th Ed., Sweet & Maxwell, London.

Trowers and Hamlin. (1997) Charities: structure and governance, Trowers and Hamlin, London.

Trowers and Hamlin. (1998) Governance in question: trends for voluntary sector boards; feedback from the Trowers and Hamlins survey, NCVO, London.

Warburton, J (1995) Tudor on Charities, 8th Ed., Sweet & Maxwell, London.

Glossary of Terms

Trustees

Means charity trustees. Charity trustees are the people who are responsible for the general control and management of the administration of the charity, regardless of what they are called. You are a charity trustee if you are:

- The trustee of a charitable trust (charitable trusts can be created by a declaration of trust or by someone's Will);

- The director of a charitable company (a charity that is a company with a memorandum and articles of association as the document which sets out how the charity is to be run); or

- A member of the committee which is responsible for running a charitable group such as a community association or a parent teacher association.

Trustee board

We use the word board to refer to a charity's governing body.

Breach of trust

Means acting in a way which is inconsistent with the powers and duties of the trustee, whether those powers and duties are set out in the charity's governing document, or are part of general law.[1]

Governing document

In most cases the rules for running the charity will be set out in a trust deed, a will, a constitution or the memorandum and articles of association of a company. They may sometimes (though not often) be found in a Royal Charter or an Act of Parliament. In any of these cases, except that of a company, there may also be one or more Schemes made by the Charity Commission or by the High Court. Whatever form the documents take in any particular case, they are referred to as "the governing document" in this report.[2]

---

[2] From **CC21**.
[3] From **CC3**.

Must

Is used to refer to actions that trustees are obliged to take, most of these are legal requirements.

Should

Is used to suggest actions which we consider to be good practice and which we expect trustees to follow.

Small, Medium, Large, Very large charity - NOP survey groups

- Small - Income band £10,000 or less
- Medium - Income band £10,001-£250,000
- Large - Income band £250,001-£999,999
- Very large - Income band £1,000,000 +

Acknowledgements

We would like to thank everyone who has co-operated in the production of this report, especially the charities that gave their time to take part in the NOP survey or to speak to our staff. Thanks also go to Tesse Akpeki of NCVO and Linda Laurance of Charity Trustee Networks for their advice and support.