

November 2017

Taken on Trust.

The Awareness and Effectiveness of
Charity Trustees in England and Wales



“The strength of civil society – which I believe we should treasure deeply – does not just depend on the ingenuity, generosity and commitment of countless volunteers, social entrepreneurs and philanthropists. As with other parts of our economy, it also depends on the practices that our charities and social enterprises adopt, and above all on the public trust they command.”

Prime Minister Theresa May
Charity Commission Annual Meeting
9th January 2017

Foreword from Tracey Crouch MP, Minister for Civil Society and Sport



I have been Minister with responsibility for the charity sector since June 2017, but my connection to the sector goes back much further. I have always been hugely impressed by the incredible work of charities, both large and small, in addressing some of the most pressing issues we face. I am particularly inspired by the individuals who give their time to make the work of charities possible, and trusteeship is a very powerful example of this contribution.

What my new ministerial responsibilities have brought home for me is the scale of the responsibilities that trustees take on. Charities are working in a fast changing world. Many have had to explore new ways to generate income and are having to work hard to keep pace with wider social trends. In these challenging times it is trustees who take on the role of ensuring that their organisations can continue to deliver their mission. I want to thank the hundreds of thousands of people across the country who step up to take on these vital roles.

This research project has painted a clear picture of our trustees. It shows us the huge amount of work that trustees are putting in, and that trusteeship is highly rewarding. It also highlights some important areas where change could help strengthen charity governance. There are a few key areas that stand out for me.

Firstly, when teams are made up of people with different experiences and from different backgrounds, they can develop the broadest view of the challenges and opportunities they face. It is clear that there is an opportunity to make more people aware of the opportunities and benefits of trusteeship and to help boards access an even wider pool of talent.

Secondly, the report confirms that the majority of trustees are recruited informally. Sometimes this will be the right solution, but there also need to be clear routes into trusteeship for those who can bring something new. Providing these routes will help boards reach out and access the knowledge and skills they need at board level, to enable their organisations to continue to thrive into the future.

Finally, it is clear that there is a range of support out there to help boards to deliver their role. However, it seems that few trustees are looking outside of their organisations for help. There could be huge benefits from connecting trustees with the wealth of knowledge and experience that exists across the sector.

The sector will be best placed to take a lead in responding to the findings of this research. However, government and the regulator will of course be ready to offer support. The charity sector is one of this country's greatest assets, and our trustees are central to its success, so meeting their needs should be a priority.

Lastly I would like to thank the partnership of organisations that made this research possible. I must also thank all of the trustees who took part. Your contribution has been critical to pulling together the most comprehensive picture of trusteeship in a generation.

A handwritten signature in black ink that reads "Tracey Crouch".

Acknowledgements

Without the guidance and support of numerous individuals it would not have been possible to complete this research.

Early championing of the project, scoping of the research and continued guidance as the research progressed was provided by Paula Sussex and Sarah Atkinson (Charity Commission), Amanda Tincknell and Sue Davidson (The Cranfield Trust) and Denise Fellows and Alex Skailles (Cass CCE).

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Finally we are all indebted to Alex O'Donoghue (Charity Commission) who acted as project manager for the programme of research.

About the research team

The team that undertook this research comprised:

- **Professor Stephen Lee** – Professor of Voluntary Sector Management, Cass Business School -led the research team overall including design of the research instrument and development of findings, conclusions and recommendations
- **Dr Bob Harris** – Consultant from the Worshipful Company of Management Consultants pro-bono programme – led the design of the sampling strategy and supported the development of findings, conclusions and recommendations
- **Nikki Stickland** – Research Officer Charity Commission – led the review of Charity Commission casework and supported the survey design and execution
- **Silvana Pesenti** – Doctoral Research Student at Cass Business School – undertook the detailed data analysis of the survey results

Trustees have overall control of a charity and are responsible for making sure it does what it was set up to do.

IN ENGLAND AND WALES...



700,000
charity trustees
(Two-thirds are male)

The gender imbalance is slightly better in smaller charities, and worse in the largest charities

55-64
Average age

Trustees are likely to be older (65-74) in smaller charities

92% white

SIZE MATTERS



A charity is classed as 'smaller' if it has a yearly income of under £100k

80%

of charities are smaller

70%

of trustees work in smaller charities

80%

have no additional staff or volunteers

MOTIVATION MATTERS

93%
of trustees

regard their role as important or very important to them

The biggest motivators to serve as a trustee are...



Personal interest in the aims of the charity
(57% agree)



Possessing relevant skills to help the charity
(50% agree)



Desire to give something back to society
(45% agree)

SUPPORT MATTERS



72%
go to their fellow trustees



71%
go to the Charity Commission website



60%
go to Charity Commission publications

THE BOTTOM LINE



On average trustees devote **4.88 hours** per week to their roles

£3.5 billion

estimated time value of trustee input per annum

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Executive summary

Charity trustees are under scrutiny as never before. Public failings associated with the demise of Kids Company, concerns regarding the governance of fundraising in larger charities, enhanced critical media attention have each contributed to a reported decline in trust and confidence in charities amongst the general public in the past 24 months.

In recent months, following the terrorist attacks in Manchester, at London Bridge and in the aftermath of the Grenfell fire, huge sums of money have been raised in disaster appeals, much of it by new actors via crowdfunding websites. This has created new challenges and demands for charity trustees around coordination issues in getting monetary support to beneficiaries in a timely, equitable and secure manner. Charity leadership within the sector is once again in the news on a weekly if not daily basis.¹

In the light of this, this report seeks to establish greater understanding of the characteristics of contemporary trustees in England and Wales and their awareness (or otherwise) of their responsibilities and duties.

Analysis was conducted of the complete data set of the register of trustees maintained by the Charity Commission (which was estimated at circa 850,000 individuals filling 950,000 roles), from which a random stratified sample of trustees (19,064) was extracted to provide more detailed analysis via a national survey of trustees carried out in January 2017.

Our results identify that in some 80% of the total number of charities nationally, trustees play both a governance role and an executive role – they have no staff or other volunteers from whom they can seek support. They are very small charities both in size and in the resources they acquire and distribute on an annual basis.

Men outnumber women trustees two to one, a finding also reflected in the occupants of the role of the chair and the treasurer. Trustees are drawn from a narrow cross section of the communities that they serve. The vast majority are White British, older and above average income and education. There is clearly a need to promote greater diversity within charity trustee boards.

The survey showed that just under a quarter of trustees sit on more than one charity board with an average of 1.35 boards per trustee. This indicates that the number of active charity trustees is c700,000 – significantly fewer than the commonly reported figure of c850,000.

There is a danger that charity trustee boards might become myopic in their views and in their decision-making. Characteristically they are found to be overly reliant upon fellow trustees for both recruitment of new trustees and for their principal sources of advice and support.

The Charity Commission provides by far the most important external sources of advice and support to trustees (website and publications). There is a marked lack of reliance on both voluntary sector umbrella bodies and formalised training in this respect.

Despite this, trustees are found to be generally confident about their own perception of their level of awareness of the legal duties and responsibilities that face. They are less confident when specific responsibilities are identified and tested. Our findings suggest that there might be something of a gap between a trustee's perception of and actual knowledge of their legal duties.

They are extremely positive about the role that they perform as trustees, its importance to society and the personal reward and satisfaction that they gain from being a charity trustee. We estimate the annual value of the time that trustees spend on their trustee duties at £3.5 billion, to which can be added a considerable additional sum in respect of the time that trustees – particularly in smaller charities – devote to the operational activities of their charities.

Charity trustees report that they lack relevant legal, digital, fundraising, marketing and campaigning skills at board level. They recognise the threat from fraud and external cyber-attack but remain concerned about their own skill proficiencies in this respect.

We report significant variations in both skill deficiencies, sources of advice sought and perceptions of their role between trustees active in larger and smaller charities. Going forward, if guidance, training, advice and support to trustees is to be effective, it will need to be suitably differentiated and nuanced to meet the different needs of trustees operating in different sized charities.

Taking each of the above points into consideration, we conclude that charity trustees should be further supported to actively embrace the introduction of different people, new ideas, skills and experience to trustee boards, and to target the recruitment of trustees from more diverse sections of society.

This might be achieved through implementation of a national campaign, supported and promoted by government and the Charity Commission, promoting the worth of charity trusteeship and the benefits it delivers to clients and beneficiaries, to society at large and to those who act as trustees themselves.

We also conclude that the Charity Commission and the Office for Civil Society, along with other key stakeholders in the charity sector, should review and enhance their advice, support and communications to reflect and draw upon developments in digital technology.

List of recommendations

The recommendations presented here follow from the conclusions developed from the research analysis of the data presented in the main body of this research report. A detailed derivation for each of these recommendations is provided in tabular form in Appendix 5.

Recruitment of trustees

We recommend that more work be done to encourage trustee boards to actively embrace the introduction of different people, new ideas, skills and experience to trustee boards, and to target the recruitment of trustees from more diverse sections of society:

1. Voluntary Sector Umbrella bodies, supported by the government and the Charity Commission should establish a campaign to:
 - a) promote the value that charity trusteeship brings to public life, to beneficiaries and to trustees themselves
 - b) raise awareness of the benefits associated with trusteeship
 - c) promote greater diversity within charity trustee boards
2. The campaign should reinforce awareness of how the legal responsibilities of trustees can be effectively managed, and the benefits of appropriate trustee induction in this respect.
3. As part of such a campaign local providers (e.g. CVSs and Community Foundations) should be encouraged and resourced to tailor provision to smaller charities.
4. Umbrella bodies representing key skill sets (e.g. IOF, AoC, NAVCA) should contribute specialist knowledge, content and advice to the campaign as applicable.
5. Professional bodies and professional advisors should be utilised in supporting and delivering the campaign, as they have an important role to play in promoting diversity at board level.
6. A national register and regional registers of trustee vacancies should be established and publicised widely. National and local providers (e.g. volunteer centres, Trustees Unlimited, Reach, community foundations, CVSs) should be identified and resourced to act as trustee awareness 'clearing houses' - maintaining and advertising trustee vacancies to the general public and providing a list of prospective trustees to charities.
7. Government should play its part in resourcing such a campaign along with matched funding from within the charity sector and from the private sector.
8. The Charity Commission should use its leadership and convening experience to provide a visible focus for such a campaign.

Provision of advice and support

We recommend that a more differentiated and granular approach be taken to the provision of advice and support to the charity sector, recognising the huge diversity in the scope and nature of its activities, and the consequent needs of its trustees:

9. Individual charities, voluntary sector and private sector providers and voluntary sector umbrella bodies should be encouraged by government to adopt a more granular, comprehensive approach to the review of trustee skill deficiencies and support needs. This should take into account the varying demands of different types of charity sub-sector service provision, the varying size and reach of charities, and different levels and type of internal resources available to them.
10. The review should be supported by relevant national professional bodies (e.g. ACEVO, ICAEW, NAVCA, CIPD, IOF, CFG) and should involve the participation of a wide range of different types of advice, support and training providers.
11. The Charity Commission should take a convening and leadership role in the review along with voluntary sector umbrella bodies.
12. Given the important internal role of the chair and the treasurer on trustee boards, specific review and support measures might be developed by the AoC and the Honorary Treasurers Forum in respect of these roles.
13. A single, 'one stop' approach advising and guiding trustees on their duties and responsibilities is unlikely to be effective. A differentiated and nuanced approach (targeted by size and reach of organisation) involving the coordinated response of a variety of different providers is necessary.
14. Consideration should be given to the consistency of content delivered by advice and training providers across different specialisms and with different anticipated reach to different sizes of charitable organisation. The possibility of the development of trustee guidance, support and training templates, customised by size of charity should be considered.
15. Professional bodies should be encouraged to support professional advisors in the development of customised advice and support to trustees, both directly and through the development of coordinated information and advice campaigns. (Trustees Week, Remember a Charity Week and Will Aid provide good exemplars of the effectiveness of such an approach).
16. Local providers (e.g. CVSs, volunteer centres, community foundations) should be encouraged and resourced to provide tailored information, advice and training to charity trustees and prospective trustees.

Development of a digital advice, support and communications strategy

We recommend that all key stakeholders in the charity sector should review and enhance their advice, support and communications to reflect and draw upon developments in digital technology:

17. The Charity Commission and OCS along with other key sector stakeholders should jointly consider the development of a digital strategy for providing appropriate and timely advice and guidance to trustees that reflects the huge diversity of the sector. This strategy would in turn provide a basis for a programme of development of on-line support that is accessible to all or most trustees.
18. As part of this process consideration should be given to the development and implementation of a trustee web portal offering a focal point for information, advice, skills delivery and signposting for charity trustees.
19. The Charity Commission should use its convening powers to bring together relevant potential partners (e.g. voluntary sector umbrella bodies, professional associations, commercial providers) to support the initial resourcing, design, structure and content of such a web portal. This will necessarily include the development of a detailed business plan and operational model designed to deliver self-sustainability over the medium term.
20. Government should encourage and support the charity sector in the development of new channels of support and advice to trustees made available through technical innovation incorporating digital technology (i.e. app development, MOOCs) and to new opportunities to advertise and signpost alternative routes to provision.
21. The initiative should include the further development of established provision, and also the application of less established types of provision, now made possible and more effective by the application of new technology (e.g. virtual coaching and mentoring, peer support networks, skill specific apps, online training).
22. Given the high dependency of charity trustees on Charity Commission sources of advice and support, the Commission should review the structure, style and the content of its advice and support to charity trustees to maximise the accessibility of that advice, and to ensure their ease of understanding of it. The Charity Commission should in particular:
 - a) review the format and content of its quarterly newsletters to trustees to ensure that they are in line with the best modern standards for such communications
 - b) consider what improvements can be made to the format of and navigation within the Charity Commission website, taking account of the constraints imposed by GOV.UK

Collection of additional information by the Charity Commission

We recommend that the Charity Commission should capture additional information on trustees:

23. Request charities to provide email addresses for all trustees. The current situation where the Commission holds usable email addresses for just 27% of trusteeships is a severe limitation on the effectiveness of communications to trustees.
24. Request all charities to provide details of other charities of which their trustees are also trustees. This will, over time, enable the Commission to move towards a single record for trustees rather than for trusteeships, as is now effectively the case, and to develop a much richer picture of the national body of trustees. In the interim, the Commission should consider whether to introduce weaker matching criteria than those used at the moment to determine if two trusteeships are held by the same person (which requires an exact match on name, address and date of birth).
25. Capture information on the gender of trustees. It is apparent from discussion of the survey findings that diversity is an important policy issue, so information on gender is also important. The most straightforward way would be to request this information in aggregate form in the annual return, but consideration could also be given to capturing it for individual trustees.
26. Introduce a requirement to report on board diversity in the annual return for all charities with an annual income in excess of £500k.

Further research and analysis

Finally, we recommend that steps should be taken to fully exploit this research for the benefit of the sector as a whole:

27. The Charity Commission and the OCS, with the support of voluntary sector umbrella bodies, should commit to providing appropriate direct access to the data developed in this research.
28. The Charity Commission and the OCS, with the support of voluntary sector umbrella bodies, should identify a programme of longitudinal research designed to replicate this research into trustee awareness of their responsibilities. This should be designed to track changes in performance over time, develop trend analysis relating to key indicators and to facilitate the establishment of agreed benchmark statistics.

Introduction

The context for this report

Trusteeship continues to occupy a central position in determining the distinctive nature of the charitable sector.²

As successive governments have sought to promote and grow the scope and the role of charitable sector, they have also sought to advance the positive benefits that trusteeship brings to public life.³

Today trustees must operate effectively within an environment where:

- having grown, the charitable sector nonetheless remains highly stratified, delivering different types of managerial challenge to trustees operating in very different types of organisation⁴
- In law, trustees' responsibilities remain both onerous and non-transferable⁵ – failure to comply with them (through the actions of self or others) brings with it the prospect of legal redress, sequestration of personal assets and the possibility of public humiliation through the press and the media
- failure by trustees to predict or to respond adequately to potential breaches of trust continues to place limitations on the protection of their own individual and collective liability⁶
- the actions and decisions taken by trustees in these respects have never before come under closer scrutiny from academics, regulators, politicians and the media

It should not be forgotten that the motivation and decision to become a trustee is entirely voluntary.

Charities need access to a continuing pool of existing and potential trustees if they are to be governed efficiently and effectively and they must be equally assured that new and continuing trustees are aware of their responsibilities during periods of service.

If this is not achieved trustee boards might lack the diversity of the beneficiary groups they seek to serve and lack the confidence and competence to make the correct decisions for themselves and for the organisations that they govern.

Why this report is relevant now

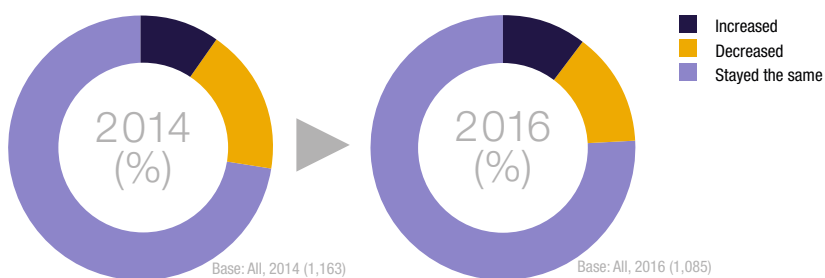
Recent articles have suggested that charities find it increasingly difficult to identify and recruit new trustees,⁷ and that a significant proportion of existing trustees (27%) are considering resignation in the light of the undue pressure they feel put upon them.⁸

Despite recent attempts to study trusteeship, the actual level of trustees' awareness of their responsibilities and competencies remains a matter of conjecture.⁹ This impacts negatively on the ability of policy makers and others to respond effectively with programmes designed to promote greater awareness and understanding of the role and responsibilities of trustees moving forward.

Of equal importance, the charitable sector (and trusteeship) is facing growing media and public scrutiny.¹⁰ High profile cases identifying failings in trustee performance at Kids Company and more widely have focused national media attention on the issue of trustee competence.¹¹ Concerns have also been raised regarding the nature of the membership of charity boards, not least in respect of an apparent lack in diversity of board membership with regard to age, gender and ethnicity. This is an important point, diverse membership of charity boards can help those boards make better decisions and improve the quality of governance – this in turn increases public trust.¹²

Indeed, there is evidence to suggest that these factors have contributed to a general decline in public trust and confidence in charities.¹³ As the diagram indicates, longitudinal research undertaken by Populus on behalf of the Charity Commission published in the summer of 2016 indicates that public trust in charities has declined since 2014.

Compared to 2014 almost twice as many respondents are likely to say that their trust and confidence in charities has declined (35% rising from 18% in 2014).



Change in trust in the past two years: source Populus 2016

Parliament has also made a significant contribution to the contemporary debate surrounding trustee effectiveness, delivering a withering analysis of the outcome of ineffective trusteeship, together with a clear articulation of the complexities and pressures facing contemporary trustees, not least those trustees operating in very small organisations.¹⁴

An effective response

Faced with these demands, government, the Charity Commission and the charitable sector itself has sought to respond. New legislation (with associated guidance) has been enacted;¹⁵ the Charity Commission has published detailed guidance directly addressing the issues associated with trustee abuse and mismanagement;¹⁶ and the charitable sector, supported by government and the Charity Commission, has overseen the development of a new Code of Governance for charity trustees.¹⁷

Role of the Charity Commission

“Yet there is a new focus on promoting trusteeship and supporting trustees. We have always recognised that raising awareness and providing advice will help trustees comply with their legal duties and have delivered this through case reports, policy guidance on a range of matters and speaking at trustee events.”

Paula Sussex, previous CEO, Charity Commission, March 2017

Finally, the role played by the Charity Commission for England and Wales has itself evolved in the past few years. Whilst retaining its clear focus as a regulator, the Commission has embraced additional demands to deliver effective guidance and support to trustees through a range of new initiatives, not least, those directed explicitly towards increasing trustees’ awareness of their legal and compliance responsibilities.¹⁸

The scope, aspiration and methodology for this report

There remains, then, an absence of detailed empirical data surrounding trustees’ awareness (or otherwise) of their legal responsibilities and duties alongside their own view of their competence to fulfil these important obligations.

This report seeks to bridge this gap. It delivers the most systematic survey of the perceptions of trustee awareness of their responsibilities.

Its scope covers all charity trustees registered on the Charity Commission Register of Trustee Roles as at January 2017. It includes analysis of all individual trustees so registered, operating at that time in England and Wales.

From this initial analysis a random stratified sample of trustees (by organisation size bands) was developed and extracted from the register. 19,064 trustees with valid email addresses were issued with an online survey in January 2017. Following data cleansing and reweighting of the data 3,617 responses were suitable for analysis – a response rate of 19%. Fuller details of the methodology employed can be found in Appendix 1 of this report.

The Charity Commission also facilitated the research team’s access to a wide range of specialist, senior commission personnel, to the Charity Commission Register of Individual Trustee Roles (Register Plus) and to detailed archival evidence of Charity Commission cases undertaken over the past five years.

Research findings

General characteristics of trustees and charity boards

The impact of size of a charity on the role of trustees

It is well known that a large proportion of charities are small organisations with a modest income and are dependent largely or entirely on volunteer effort.¹⁹ However, many of the concerns about the charity sector that surface in the public domain relate to larger charities, and many of the publications and research studies relating to the sector also address issues that are most apposite to such larger charities. In contrast, there are few substantive studies which address the concerns and challenges facing the smallest charities.²⁰

This programme of research has covered trustees drawn from charities of all sizes.

Our preliminary analysis of the survey results indicated that there were important differences between trustees drawn from charities of different sizes (as measured by income band). These differences were most marked at the boundary between charities with income above/below £10,000, at the boundary above/below £100,000, at the boundary above/below £500,000 and for the largest charities with income above £5 million. In consequence, we have used five income bands throughout this report to show how trustee responses differ by size of charity.

Analysis of the Charity Commission register demonstrates why trustee roles and responses differ by size of charity, the analysis below shows that smaller charities are almost entirely run by their trustees:

- Income under £10k: some 77,000 charities reported 344,000 trustees but only 3,400 employees – a hundredfold ratio
- Income £10k–£100k: some 57,000 charities reported 327,000 trustees and 31,000 staff – a 10:1 ratio and an average of one employee for every two charities

In both cases, these smaller charities also reported relatively few other volunteers – less than one on average across the two income bands.

Table 1: Number of trustees, employees and volunteers by size of charity

Income band (£)	No. charities	No. trustees	No. employees	No. volunteers
£0 – 10k	77,000	344,000	3,400	11,000
£10k – 100k	57,000	327,000	31,000	105,000
£100k – 500k	22,000	177,000	72,000	242,000
£501k – 5m	9,000	75,000	304,000	1,294,000
Over £5m	2,000	25,000	666,000	1,979,000
Total	166,000	949,000	1,077,000	3,632,000

Source: CC Register – September 2016, numbers rounded

Hence in some 80% of the total number of charities nationally, **trustees play both a governance role and an executive role** – they have no staff or volunteers from whom they can seek support. Even in the next income band (£100k–500k) the number of employees averages less than four per charity and employees are out-numbered by trustees by more than 2:1.

This finding suggests that a focus solely on governance issues – the concern underlying the possible development of a renewed trustee awareness campaign – would fail to address the reality of being a trustee in the 80–90% of smaller charities, where operational/management responsibilities are likely to dominate the time spent by trustees on charity matters.

General characteristics of charity trustees

As can be seen below, the broad demographics of trustees reporting in the trustee survey reflects a predominance of men over women by a factor of 2:1. This dominance is further enhanced when consideration of the demographic breakdown of officers of the board is taken into consideration (chairs 71% male; treasurers 68%). Our results further support the demographic findings established by Cornforth in 2001 – the gender balance is marginally better in smaller charities.²¹

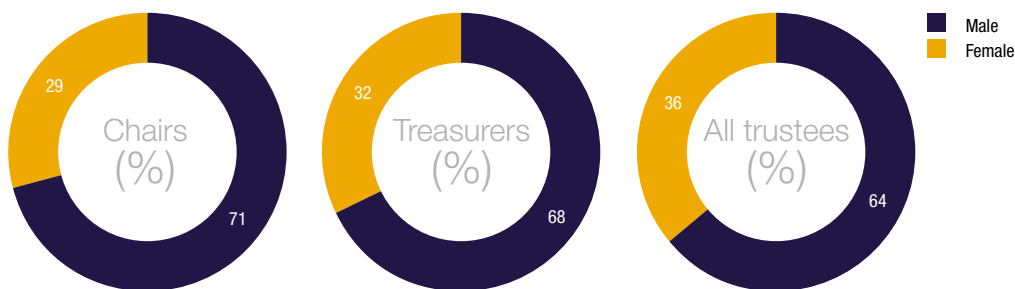
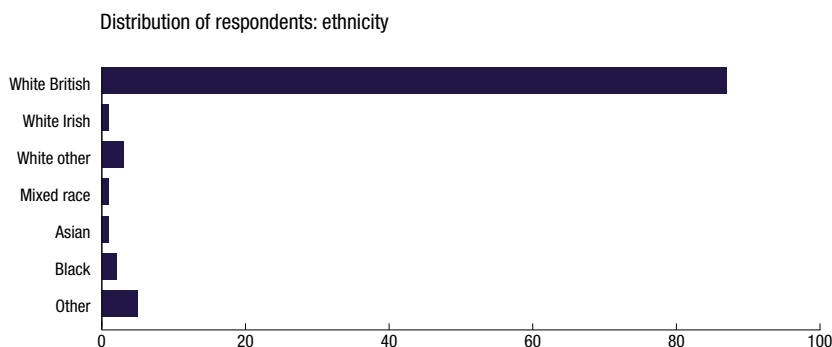


Table 2: Gender balance by size of organisation

Size of organisation by annual income	Male	Female
Less than £10k	62	38
£10k – £100k	63	37
£100k – £500k	67	33
£500k – £5m	69	31
£5m plus	72	28
Full sample	64	36

In terms of ethnicity they are predominantly white (92%) but when age distribution is factored in these findings deliver the same age-weighted results for ethnicity as those recorded in the 2011 census.



A full breakdown of the ethnic diversity of respondents is provided in Appendix 2 of this report.

Table 3: general characteristics of trustees

Gender	64%	Male
	36%	Female
Ethnicity	92%	White
Average age	60–62 years	
Employment	51%	Retired
	44%	Full/part time
Education	30%	Postgraduate
	60%	Professional qualification
Household Income	75% are above the national median	
Average no. of trusteeships held	Each trustee is on 1.35 boards on average	

Using the mid-point of the ten-year age groups, on average at 60–62 years, trustees reporting in this survey are older than the population as a whole but similar to that for listed company directors. A slight majority (51%) are retired.

These findings compare closely with analysis of the entire population of trustees contained on the Charity Commission Register of trustees. Here the average age of trustee boards is typically 55–64 years but this increases to 65–74 for the smallest charities, see table 4 below

Table 4: the average age of trustees on trustee boards

Average age	£0 - £10k	£10k - £100k	£100k - £500k	£500k - £5m	£5m+
16 - 24	88	70	7	5	1
25 - 34	797	914	261	80	26
35 - 44	6,490	7,870	2,226	457	45
45 - 54	12,134	13,147	5,815	2,504	522
55 - 64	18,873	17,560	8,657	4,195	1,329
65 - 74	20,958	14,559	4,626	1,513	214
75+	5,706	2,196	366	88	10
Total	65,046	56,317	21,958	8,842	2,147

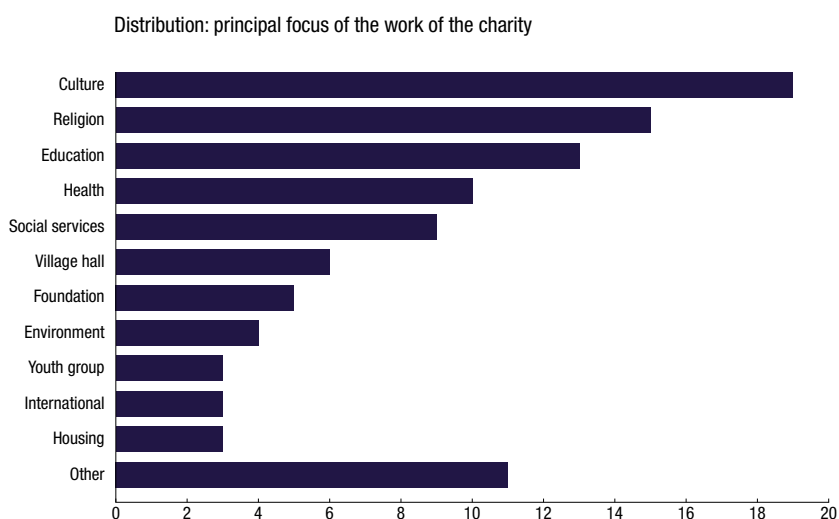
Source: CC Register Feb 2017

While it is encouraging to note that many people beyond normal retirement age are contributing their time as trustees, it is perhaps a little concerning that over 8,000 boards have an average age of over 75 years.

Most respondents to the survey report annual incomes significantly higher than the national median household income (75% are above the median), a factor reflected in similarly high levels of educational attainment. 30% of respondents are educated to postgraduate level and 60% report the attainment of a professional qualification. This finding supports later responses where a significant proportion of trustees report that their recruitment was in part influenced by the specific skills that it was deemed they would bring to the trustee board (circa 50% of respondents).

The vast majority of trustees reporting in this survey are digitally savvy, with 97% of respondents accessing the internet once per day or more. Just under half of respondents are in full or part-time employment (44%). This factor, aligned as it is with a significant proportion of comparatively wealthy retirees within the population sample, clearly affords many the opportunity to engage in charity trusteeship.

The distribution of respondents by principal focus of the work of their charity is provided below. Other includes trustees from PTAs, play groups, development and umbrella bodies (2% each). Employment, legal and research focused organisations (1% each).



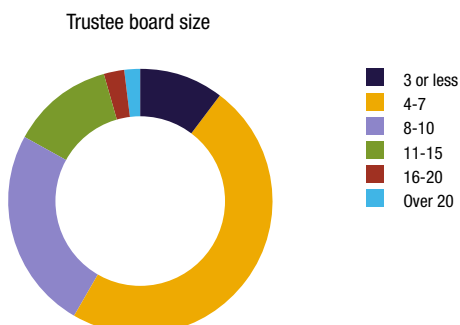
Finally, just under one-quarter of the trustees reported that they sit on more than one board of trustees, with the overall average being 1.35 boards per trustee. The Charity Commission register records c950,000 trustee roles of which c100,000 had been identified as the same person, suggesting that there are c850,000 individuals serving as trustees.²² However, our findings indicate that the total number of individuals serving as trustees is closer to 700,000.

Trustee boards

Board size and general characteristics

78% of respondents to the survey sit on just one trustee board. Respondents to this research sit on an average of 1.35 trustee boards, with 14% of respondents sitting on two boards, 6%²³ on three boards, and a small number of outliers sitting on four or more boards.

As is demonstrated in the results presented below, most boards comprise 4–10 trustees (73%). This accords well with governance literature that indicates that effective board size equates with this bandwidth. 66% of boards meet between four and six times a year with not surprisingly four times per year being the most frequent response (31%). Perhaps surprisingly, 12% of boards meet only once or twice a year whilst 15% meet regularly on a monthly basis.



There is a near even split between those boards promoting a fixed term of office for trustees (49%) and those without (47%). Of those with a fixed term, three years is the most frequently reported term of office (46%). 3% of respondents reported single terms of office of six years and 18% reported just a single year term of office.

Again these results compare favourably with interrogation of the total population of charity trustee roles contained on the Charity Commission register. The typical size of a trustee board is 3-5 for smaller charities and 6-10 for larger charities, see table below. The overall average size is 5.9 trustees. The table excludes 4,676 charities which have only a corporate trustee and 560 charities where no trustee is listed.

Table 5: distribution of charity board size by size of organisation

No. of trustees	£0 – £10k	£10k – £100k	£100k – £500k	£500k – £5m	£5m+	Total (%)
1 – 2	12,542	5,119	978	197	20	12
3 – 5	34,215	26,993	8,071	2,255	209	47
6 – 10	15,552	18,738	8,281	4,349	805	31
11 – 20	2,668	5,218	3,655	1,806	980	9
21 – 50	74	263	851	190	109	0.9
51+	0	2	119	42	24	0.1
Total	65,051	56,335	21,955	8,839	2,147	100

Source: CC Register Feb 2017

Surprisingly there are some 1,700 charities with more than 20 trustees on their boards with 190 having over 50 trustees on their board.

Length of service and turnover of trustees

Based on analysis of the Charity Commission database, just under half of all trustee roles have been held for over five years, with the proportion being higher for smaller charities and steadily decreasing as charities become larger. The table below excludes trustees of newer charities where income data is not yet available, all of whose trustees have been in post for less than two years.

Table 6: Trustee length of service by size of organisation

Length of service	£0 – £10k (%)	£10k – £100k (%)	£100k – £500k (%)	£500k – £5m (%)	£5m+ (%)	Total (%)
Under 1 year	12	14	15	17	18	16
1 – 2 years	10	13	13	14	14	13
2 – 3 years	8	11	12	12	13	10
3 – 4 years	7	9	10	10	10	8
4 – 5 years	6	7	8	8	8	7
Over 5 years	58	46	42	39	37	47
Total	100	100	100	100	100	100

Source: CC Register Feb 2017

Further analysis of Register Plus shows that – for changes made to charity details via online submissions – the number of trusteeship roles taken up and those relinquished are roughly in balance at 120,000 per annum, although this estimate does not include updates made by Charity Commission staff based on paper-based submissions. However, the length of service analysis enables us to estimate the total number of new trusteeship roles at 150,000 per annum.

This estimate of 150,000 new trusteeship roles is not the same as the number of new individuals as many trustees serve on more than one board. It also includes an estimated 30-40,000 roles that relate to newly established charities.

Nevertheless, our analysis of trustee length of service and turnover does indicate a healthy inflow of people taking on new trustee roles. Although there may be some charities struggling to find trustees, or trustees with particular skills, and some charities may have too many very long serving trustees, the overall conclusion from this analysis is perhaps contrary to perceived wisdom in that there does not seem to be a widespread shortage of people willing to act as trustees.

Payment of trustees

A question as to whether charities pay any of their trustees for their role as a trustee has been on the Charity Commission Annual Return since 2014 and is a mandatory 'Part A' question. For 2014 and 2015 there was no lower income limit on the question so all charities, regardless of income, should have seen and answered the question. For 2016 it is shown to all charities with an income over £10,000. The analysis below is based on the most recent submission for each charity but, if a charity is not up to date with its filing requirements, the answer may be a few years old.

Around 80% of charities who should have answered the question have in fact done so, showing an overall positive response from some 2,000 charities or 1.6% of respondents.

Table 7: Payments made to trustees by size of organisation

Income band	Total responses	Yes responses	Yes (%)
£0 – 10k	37,991	194	0.5
£10k – 100k	55,672	835	1.5
£100k – 500k	21,931	473	2.2
£500k – 5m	8,963	206	2.3
£5m+	2,201	163	7.4
Total	126,758	2,019	1.6

Source: CC Register Feb 2017

While it has to be recognised that the responses are not independently verified, and that 30,000 charities have not answered the question, the overall number of charities making payment to trustees in their role as a trustee is remarkably low given the public and media concern that is sometimes expressed about this issue.

Trustee recruitment and perceptions of their role

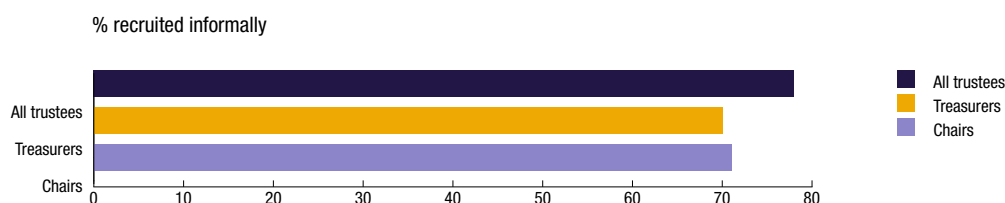
Nature of the board recruitment process

A majority of trustees reporting in the survey state that their principal reason for becoming a trustee stems from a strong personal interest in the aims of the charity. Nearly 60% of respondents cited 'a personal interest in the charity' as the most significant factor lying behind their recruitment as a trustee.

The significance of personal connection to the cause is enhanced by the fact that a large minority of trustees (just under 50%), said they had been, or are, users of the services provided by their charity.

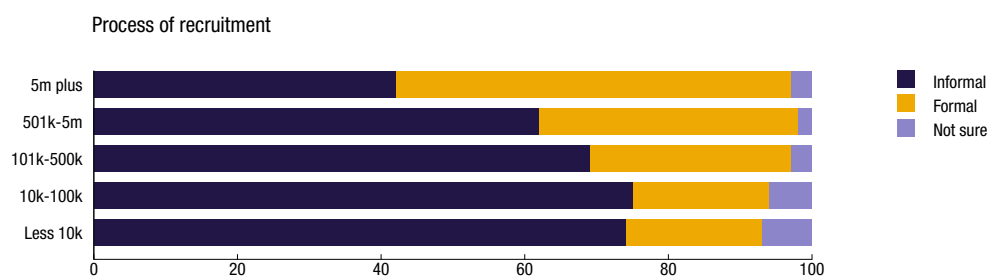
Other significant motivating factors to become a trustee included the recognition by the charity of the relevant skills that they possessed at the point of recruitment and the determination of respondents to give something back to society.

Further support for the significance of the familial role in the recruitment of trustees stems from the nature of the recruitment process itself.



The majority of respondents indicate that they were recruited through an informal process (71%) being asked to become a trustee either directly by the chair of the board or by fellow board members. Even for chairs and treasurers the proportions recruited informally were 70% and 78% respectively.

Closer analysis demonstrates that less than 20% of trustees in the smallest organisations are recruited through a formal process. Conversely, over 50% of trustees recruited to the largest charitable organisations have undertaken a formal recruitment process.



Despite the growing incidence of press advertising for trustees, only a very small minority of trustees (5%) reported that they had responded to an advert as part of their recruitment process.

Potential barriers to trustee recruitment

Legal obligations

The perceived risk of personal liability is often cited as a barrier to trusteeship. This is linked to the perception of increasing regulation and legal complexity in the role.²⁴

In these research findings almost 90% of trustees reported that they were very or fairly confident that they understand their legal responsibilities (31% were very confident).

The proportion of those surveyed who felt that the term trustee best described their role was 79%, with other respondents preferring or adding the term board member or committee member.

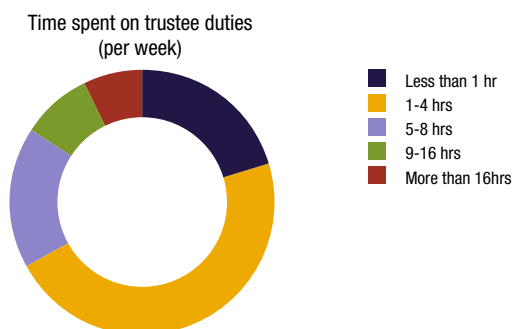
Despite these high positive response rates, when presented with a list of precise legal responsibilities that trustees must observe elsewhere in the survey, a significant minority of respondents, or in some cases a majority of trustees, were not aware of their shared responsibility. This suggests that there might be something of a gap between trustees' perception of, and actual, knowledge of their legal duties.

Lack of time

Lack of time has been cited as a key barrier to people becoming trustee.²⁵ The average time spent by trustees on their trustee duties was reported as an estimated five hours per week, with similar results for chairs and treasurers. However, this figure does not include time spent by trustees on operational activities which, as noted earlier, may be significant for trustees of smaller charities. Some responses indicated that their work for the charity was effectively full-time.

Overall some 82% of trustees said they spend up to eight hours a week on trusteeship; nearly 46% said they spend one to four hours a week. By contrast, research into formal volunteering delivers a mean time spent by volunteers as 11.6 hours per week.²⁶ Additional pressures of work and family life may be a key reason why the research found the average age of trustees to be 60–62, and 51% were retired.

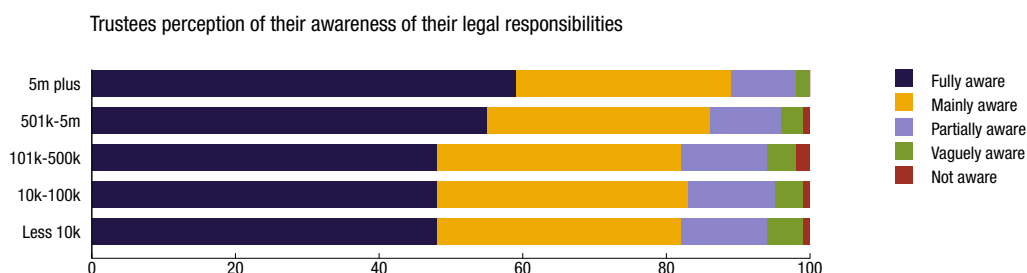




Analysis correlating time spent on trustee duties with the personal value trustees achieve from their role as trustees, shows that most trustees find their personal experience as a trustee rewarding (overall 90% indicate very rewarding or rewarding). Remarkably this personal reward remains above 90% for all levels of time input, except for those putting in less than one hour per week where it drops to 77%).

Trustees’ awareness of their role and responsibilities at point of recruitment

Respondents to this survey appear comfortable that at the point of their recruitment they were clear regarding the responsibilities and duties that they were taking on. 50% felt that they had been fully aware of their role, responsibilities and legal duties, and another 35% were mainly aware at the point they became a trustee. These findings are consistent across charities in all income bands, although a slightly lower proportion of trustees reporting from the smallest charities (income below £25k) said that they had been fully aware of their legal duties when they were appointed. Charity chairs and treasurers had similar views to trustees as a whole.



Nearly half of all respondents (49%) report being ‘fully aware’ of their responsibilities as a trustee at the point of their recruitment. Overall 83% respondents recall that they were ‘fully’ or ‘mainly aware’ of these responsibilities. In the largest organisations (£5 million plus), this recognition increases to 89%. It remains above the 80% mark across all sizes of organisation analysed.

Over 80% of respondents associated with each different size of charity analysed in this research indicate that they were ‘fully’ or ‘mainly aware’ of their responsibilities as a trustee at the point of their recruitment.

These results appear positive but closer examination reveals that nearly one in five of those responding from the smallest three categories of charities were only partially aware or not aware at all of their legal responsibilities at the point of recruitment. Across all sizes of organisation (save barely for those in the £5 million plus category) a significant majority of respondents were not fully aware of their legal responsibilities at the point of recruitment as a trustee.

It remains the case, particularly for new trustees in the smallest charities, that there is a clear need for more tailored education and training regarding the legal responsibilities of trusteeship, possibly to be included within a more formal induction process.

Availability of information and advice

Charity law affords trustees a great deal of protection if they act honestly and reasonably, even if they make an honest mistake. Many of the risks can be mitigated by means such as insurance, incorporation of the charity and most importantly, by gaining access to and taking appropriate advice.

Despite the informal approach to recruitment demonstrated in these research findings, respondents clearly recalled that they were provided with sufficient support and advice in the process of becoming a trustee.

Most commonly cited sources of guidance and support were Charity Commission Guidance to Trustees (64%) and, in keeping with the informal approach to recruitment reported elsewhere, direct support and guidance received from fellow board members (54%) and from the chair of the board (45%). Interestingly, only 12% report receiving any kind of formal induction training associated with their recruitment to the charity and just 6% report receiving guidance or training delivered by an external professional provider.

Table 8: Sources of advice

Income Band	All trustees (%)	Chairs (%)	Treasurers (%)
Fellow board members	72	74	63
Charity Commission website	71	75	83
Charity Commission publications	60	64	61
Chair	59	n/a	59

Whilst only a third (34%) recall being furnished with a role or job description that outlined the principal duties and responsibilities associated with the role of trusteeship, 70% of respondents received some form of guidance and support as part of their recruitment process.

Since 2010, each year Trustees' Week has been highlighting the good work done by trustees and opportunities to become a trustee and whilst there is evidence in these findings that this and similar awareness campaigns might have some positive impact on levels of trustee recruitment. However, by far the most significant factor remains the trustee's own close prior connection to the charity of choice. This finding is consistent with the overwhelming predominance of small charities, most of which operate very locally.

The role of the chair and the treasurer

The Trustee Survey invited respondents to identify whether they held particular positions on their board: some 1,019 (28%) reported that they held the post of chair and 726 (20%) held the post of treasurer. The number of responses by chairs is somewhat higher than would be expected based on our estimate of the number of charities represented by respondents; we believe that this may be accounted for by a larger proportion of chairs having provided email addresses to the Charity Commission than the trustee population as a whole.

In general, the responses of chairs and treasurers show a remarkable similarity to those of all respondents. We comment in this section of the report on those aspects where the differences are statistically significant – typically at least two percentage points higher or lower.

Personal characteristics and recruitment

Chairs and treasurers are of a similar age to trustees as a whole, but differ somewhat on gender and employment status:

Table 9: Personal characteristics of chairs and treasurers: gender and retired

	All trustees (%)	Chairs (%)	Treasurers (%)
Male	64	71	68
Retired	51	48	58

There was a slight difference in the average number of boards on which chairs and treasurers sit, but this difference was not statistically significant compared with the overall average per trustee. Chairs and treasurers reported slightly longer periods as a trustee – 58% and 60% respectively having served five years or more – compared to 53% of trustees as a whole. It is perhaps surprising that there is not a more marked difference here as one might have expected chairs in particular to have served for longer periods.

Method of recruitment was generally similar, although treasurers were less likely to have been recruited formally (18% vs 23% overall), less likely to have received guidance and support from the organisation (62% vs 71%) and less likely to have been provided with a role or job description (30% vs 35%).

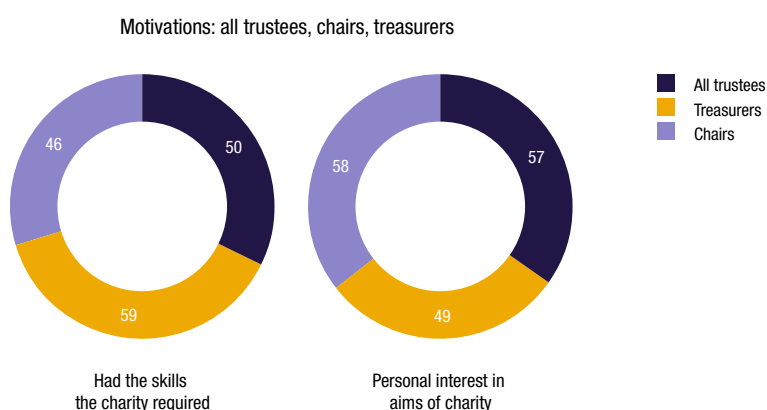
Motivations and commitment to their role as a trustee

As with trustees as a whole, chairs and treasurers had similar reasons for becoming a trustee, but for treasurers there was greater emphasis on having the needed skills required by the charity.

There was not much difference in the time spent on their roles as trustees, although some 13% of chairs reported spending more than 16 hours per week compared to 7% for all trustees.

Somewhat surprisingly, rather more treasurers (53%) reported that they had been a user of the services provided by the charity than trustees as a whole (50%).

The proportion of chairs and treasurers who reported the importance of and their personal experience of being a trustee as important/very important and rewarding/very rewarding was similar to that of trustees as a whole, although with chairs tending towards the higher rating.



Awareness of responsibilities

Chairs and treasurers reported similar high levels of awareness as trustees as a whole on their role and responsibilities as a board member, and their legal responsibilities at the point of recruitment, although chairs again tended to score towards the ‘fully aware’ rating.

This similarity extended also to their awareness of responsibility for current board decisions, with the exception of the four areas shown in the table below, where the chair or treasurer was much more likely to report that they were personally responsible.

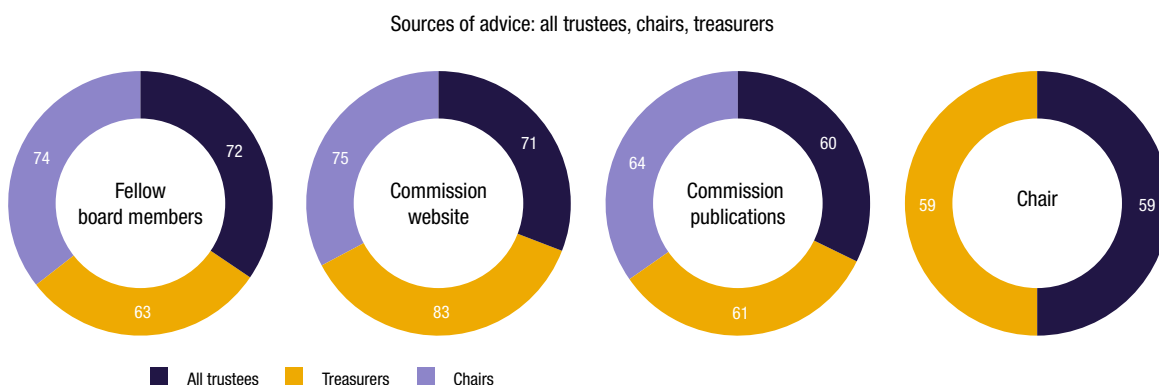
Table 10: Legal responsibilities of the chair and the treasurer

	All trustees (%)	Chairs (%)	Treasurers (%)
Chair is responsible for avoiding conflicts of interest at board meetings	34	60	
Chair is responsible for avoiding conflicts of interest in charity operations	19	35	
Treasurer is responsible for submitting annual return		9	53
Treasurer is responsible for submitting annual accounts		35	77

While the strict legal position is that these are all board responsibilities, it is perhaps encouraging that chairs and treasurers regard them as their personal responsibility, as this makes it more likely that they will actually be carried out.

Chairs and treasurers had a similar high level of confidence as trustees as a whole that they understand their legal responsibilities as a member of the board, and that they are legally responsible for all decisions taken by the board, although again chairs tended to select the 'very confident' rating more frequently.

Sources of advice

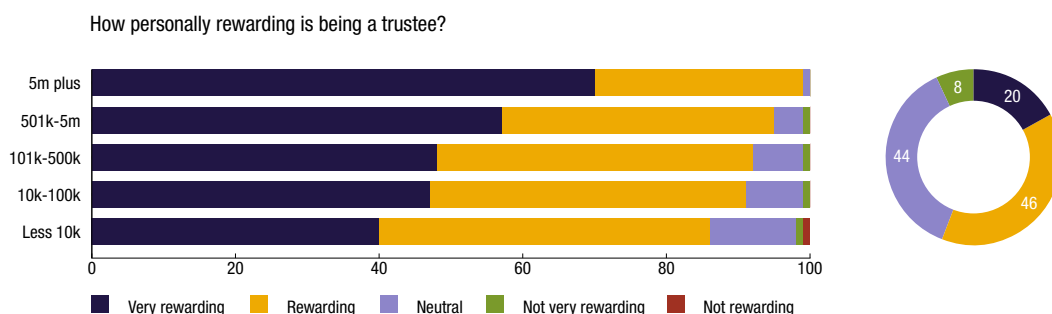


The four most common sources of advice applied also to responses from chairs and Treasurers, although with some difference in frequency of mention.

Trusteeship: a valued and rewarding role

Trustees responding to this research report high levels of positivity toward their role as trustees. They appear well supported by their colleagues on their respective boards with 95% agreeing that board colleagues are supportive to them (63% agree strongly) and over 95% of respondents agree that they feel confident and comfortable in making their contributions at board meetings.

Where appropriate, they are similarly positive about their relationships with staff and volunteers within the charities that they serve, with 91% of respondents regarding their input to the board welcomed and respected by staff and volunteers.



Overall, trustees regard their role in a very positive manner. 90% of respondents found the role to be either very rewarding or rewarding to them personally, with 94% of trustees responding to this survey regarding their role as a trustee as either important or very important (53%) to them.

There are however some significant variations by organisation size. Whilst 70% of respondents within the largest charities (£5 million plus) find their role very rewarding only 40% of trustees operating in the smallest charities (less than £10k) do so. 14% of trustees in these smallest charities remain either neutral or take little reward from the role.

The figure builds marginally as organisational income increases but the disparity between the second largest classification (£500k–£5 million) and the largest still represents a gap of 13% (57% to 70% respectively).

Clearly, whilst the majority of all respondents gain considerable personal reward from being a trustee, trustees in the largest charitable organisations gain a significantly higher level of personal reward in undertaking the role.

Cross tabulating the time attributed each week to trustee duties with the level of personal reward ensuing to the individual trustee, the most common response leading to the highest levels of personal reward is one to four hours per week (46%). Of these trustees 45% found being a trustee to be very rewarding.

The results also indicate that the more time devoted each week to trustees' duties, the more personally rewarding trustees find the role to be.

Finally, combining analysis of the Charity Commission register with the empirical findings from the trustee survey enables us to estimate the financial contribution or value of trusteeship to contemporary society across England and Wales.²⁷

The total number of trusteeships on the register was found to be 950,000 and the average hours per week devoted to their role as trustees was estimated as 4.88 hours (using mid-point of ranges). Using the national average wage (£26,500) and assuming a 35 hour working week, we can estimate that the total time value of trustee input to their trustee roles is at least £3.5 billion per annum. This is almost certainly a significant underestimate of their overall contribution to charities because many trustees also act as volunteers in supporting the operational activities of their charity.

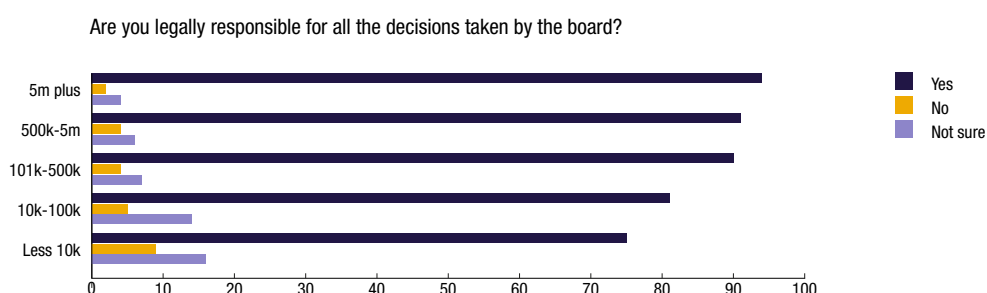
Trustees’ awareness of their legal responsibilities

“It is a charity’s board of trustees that bears full legal responsibility for maintaining proper standards of governance within the organisation.”

House of Commons PACAC Report, para 62, page 22

Previous research had indicated that as many as a third of charity trustees were not aware of their position or legal responsibilities as a trustee.²⁸ Conversely the majority of charity trustees responding to this research recognise both their standing as trustees (79%) and, in general, their legal obligations when acting as trustees (82%).

However, within the smallest charities some 25% of trustees remain unclear that they are collectively responsible for all the decisions taken by the board, whether or not they personally contributed in any of those specific decision-taking process. Overall, nearly one in five of trustees (18%) remain unclear on this point.



Trustee compliance and reporting responsibilities

Trustees were asked a series of questions focused specifically on their compliance and reporting responsibilities. They were invited to select from a range of different responses who they believed was ultimately responsible for assuring legal compliance. They could only select one option in each case. The results for the combined sample frame are presented below in table 11.

Table 11: Trustee compliance and reporting responsibilities

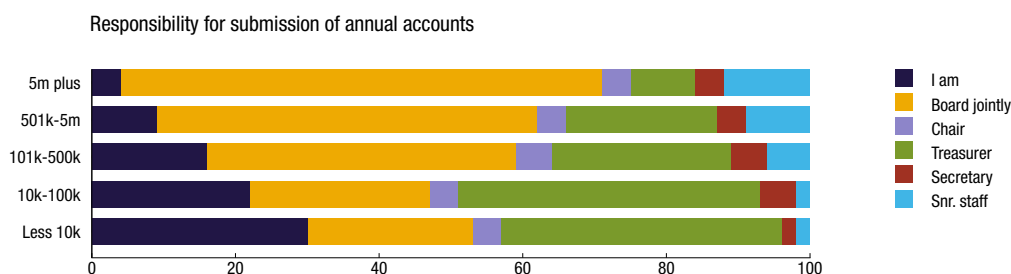
Who is ultimately responsible for	I am (%)	Board (%)	Senior staff (%)	Chair (%)	Secretary (%)	Treasurer (%)
Submission of an annual return of activities	24	37	7	12	10	9
Submission of annual accounts	22	31	4	4	4	35
Avoiding conflicts of interest at the board meetings	16	47	1	34	2	0
Avoiding conflicts of interest in the operations of the organisation	11	58	10	19	2	0
Gaining approval to alter the governing document	8	76	2	11	3	0
Ensuring activities conform to organisational purposes	8	79	2.0	9	2	0

Across the whole sample trustees are most correctly aware of their reporting responsibilities when ensuring that the activities of the organisation conform to its stated purposes and when gaining approval to alter governing documents. Over half correctly report the avoidance of conflicts of interest, but there is much lower appreciation of joint responsibility for the submission of annual accounts and the annual return.

Submission of annual accounts

Over a third of trustees who are not treasurers (38%) are happy to divest this responsibility to the treasurer. Two thirds of trustees within the largest charities (£5 million plus) identify collective responsibility of the board – the correct response in law. 12% from this band of charities delegate the responsibility to senior staff.

Less than a quarter of trustees within the smallest charity bands (less than £10k; £10k–£100k) identify collective board responsibility for the submission of annual accounts (23% and 25% respectively). By contrast the highest percentage of trustees delegating responsibility for the submission of annual accounts to the treasurer is located in these two bands (39% and 42% respectively). Additionally, 30% of trustees in the smallest charities regard themselves as personally responsible for the submission of annual accounts alongside 20% in the adjacent band; clearly in these small organisations it is the trustees themselves that make the submission.

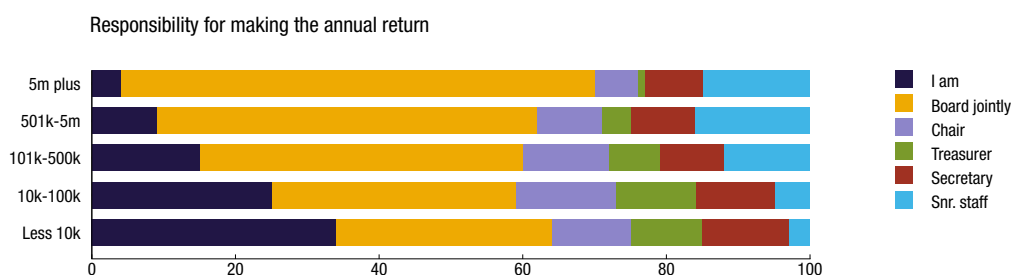


Trustees in medium-sized charities (£100k–£500k, £500k–£5 million) balance collective board responsibility (42% and 52% respectively) with delegation to the Treasurer (25% and 21% respectively).

Whilst in the largest organisations two thirds of trustees recognise their joint responsibility to submit annual accounts, less than 30% do so in the smaller organisations (income up to 100k). It is clearly the case in these organisations that a significant proportion of trustees see this as the primary responsibility of the treasurer (39%–42% of respondents).

Submission of the annual return

There is a broader distribution of responses with respect to the submission of the annual return.

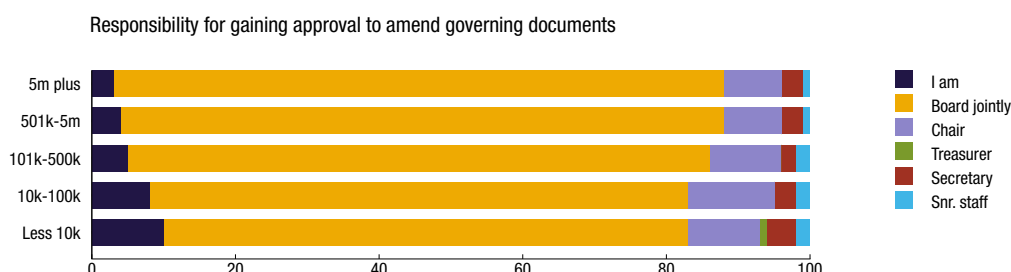


From this analysis we can deduce that nearly two thirds of trustees within smaller organisations (income up to £100k) are unclear that they are jointly responsible for the filing of the annual return. This response is mitigated to some extent by the fact that a considerable minority of trustees within these organisations regard the filing of the annual return as their own personal responsibility. Taken together (joint board and personal responsibility) this reflects 59% of all responses in this category of organisation.

Within the larger organisations, when personal responsibility and joint board responsibility are taken together, each size band of organisation represented achieves a positive response in excess of 60% of trustees, rising to 70% in the largest charities. Nonetheless, these results still determine that almost a third of trustees are unclear of their actual legal responsibility in this specific respect.

Gaining approval to alter the governing document

Consistently across the entire sample frame 11% of trustees regarded this to be the responsibility of the chair. However, across each of the different size bands the overwhelming response was the correct one (74% in the smallest organisations consistently rising to 85% in the largest).

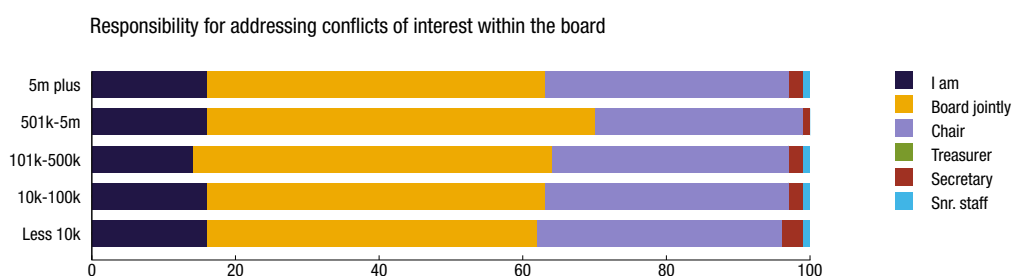


It is clear from these results that trustees firmly recognise their collective responsibility in the necessity to seek approval from the charity commission to amend their governing document.

Addressing conflicts of interest

Within the board

Given the nature of the role of the chairman in the conduct of board meetings it is not surprising that a significant percentage of trustee respondents across all size of organisation regard avoidance of conflict of interest at board meetings to be the principal responsibility of the chair. Only in the largest sized organisations does this percentage tip just below 30%.

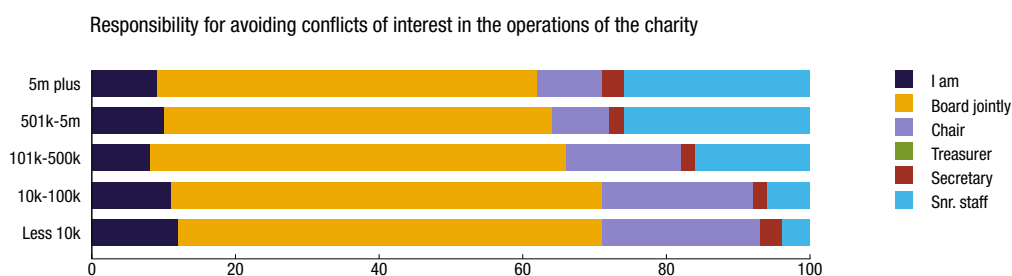


Consistently over 45% of trustees across each of the organisation size bands see this as a joint board responsibility rising to over 60% when personal responsibility is factored in and over 70% in the largest organisations. Elsewhere, 95% of trustees indicate that should they believe that where they or other board members might have a potential conflict of interest they would raise this at the board.

In the operations of the charity

There is a clear differentiation in the results achieved to this question between trustees responding from the three largest income banded charities and those responding from the two small charity bands.

In the former (charities with an annual income above £100k) there is a marked reliance on senior staff to address potential conflicts of interest arising from the operations of the charity. In each case a majority of respondents still reported this as a collective responsibility of the board (57%, 54% and 53% respectively), but 16% of trustees in the £100k-£500k band relied upon senior staff to address this issue, whilst over a quarter of trustees in the largest charities (26% in each case) regarded it as the responsibility of senior staff.

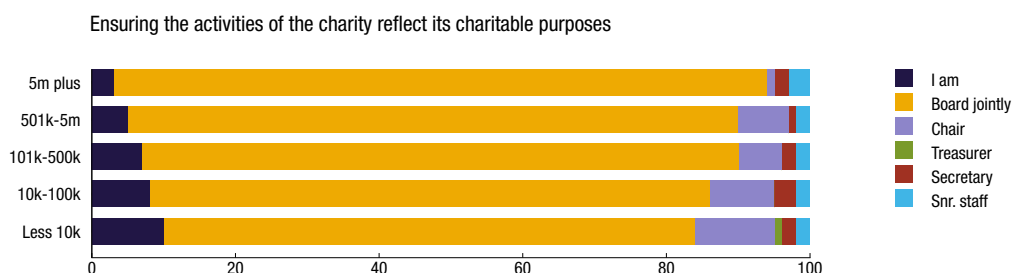


In the two smaller charity bands where there is far less likelihood of any staff being present it is not surprising that the chair is thought to play a significant role in this respect. Nonetheless a significant majority of trustees responding from each of the smaller charity bands (59% and 60% respectively) regarded this as a joint board responsibility.

It seems clear from these results that a significant majority of trustees in all sizes of organisation are aware of their collective responsibility to avoid conflicts of interest occurring at both the board level and with regard to the operations of the charity.

Ensuring the activities of the charity reflect its charitable purposes

On average nearly 80% of all trustees responded that this is a joint board responsibility. Even within the two smallest bands of charities three quarters of trustees recognised this as a joint responsibility of the board, rising to over 90% of respondents in the largest charities (91%).

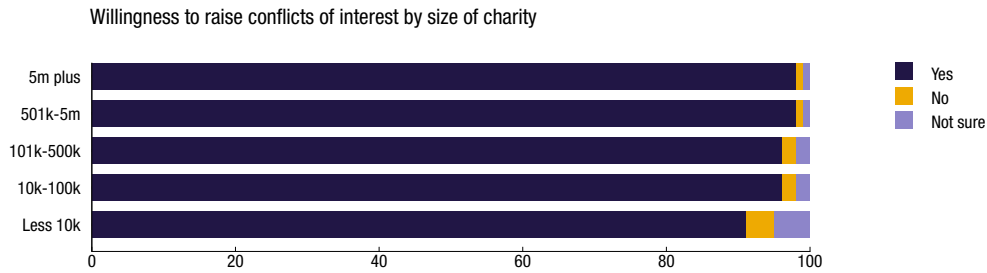


Confidence in exercising trustee legal responsibilities

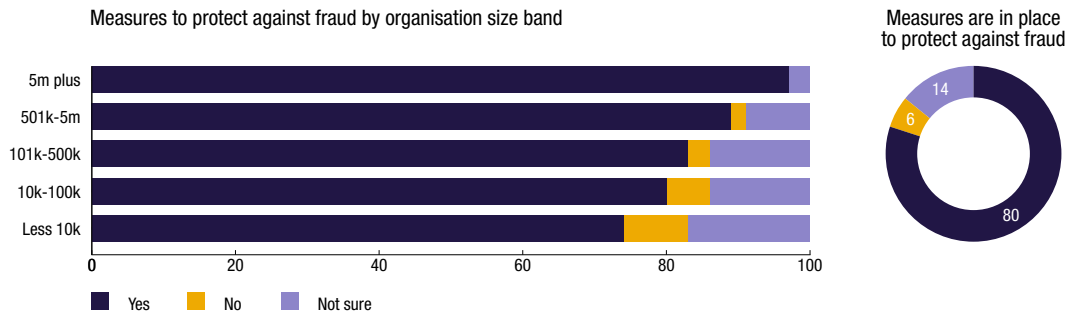
Respondents were asked about their willingness (or otherwise) to express some of these legal responsibilities at board level.

Respondents across all size of charity were clear that they would feel comfortable raising a perceived conflict of interest at board level, whether it applied to them personally or to another party. Overall 95% responded yes to this question, a figure closely mirrored across all sizes of charity.

Trustees were even more unified in their confidence in raising the possibility that the organisation might be engaging in activities that are not in accordance with its stated purposes. 98% of all respondents (a response mirrored closely across all organisational size bands) indicated that they would feel confident in raising such issues at board level.



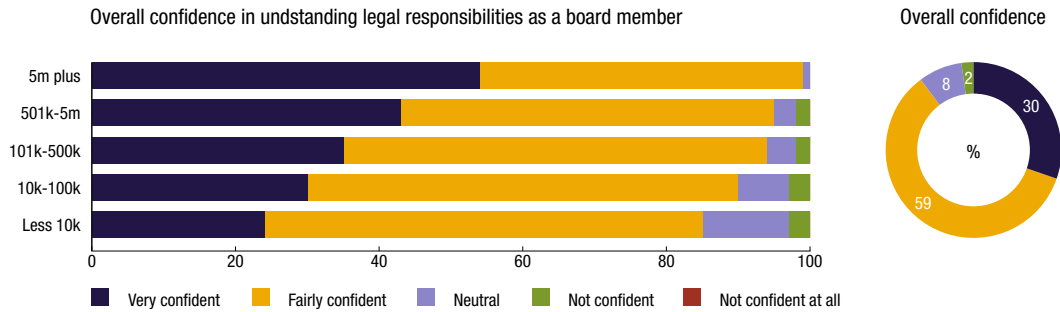
Trustees were less consistent in their response to being asked if the board had put in place measures to protect the organisation from fraud. In the larger charities the vast majority of trustees were clearly of the view that such measures had been put in place (97% responded yes from the largest charities). But in the smallest charities over a quarter of trustees were either unsure or were not convinced that anti-fraud measures had been instituted by the charity (26%), dropping to 20% in charities with an income from £10k–£100k per annum. Overall, 80% of trustees responding indicated that the board had put in place measures to protect the organisation from fraud.



Finally, trustees were asked overall, on a scale of very confident to not confident at all, how confident they felt that they understood their legal responsibilities as members of a board of trustees.

As the results indicate, across the whole sample ambient levels of confidence remain high. Some 89% of trustees report that they are either fairly or very confident of meeting their legal responsibilities as trustees.

Whilst remaining high overall, confidence levels do however vary by organisational size band. Whilst a small majority (54%) of trustees within the largest charities are very confident that they understand their legal responsibilities this falls below the majority mark (43%) in charities in the £500k–£5 million size band and drops to below a third in charities within £10k–£100k income range.



In the smallest charities (Less than £10k) less than a quarter of trustees are very confident of their understanding of their legal duties, whilst 16% are either neutral or not confident.

Skills and competences represented at the board

Trustees were asked to record their perception of the presence or otherwise of the key skill sets present on their board of trustees. Identification of the presence (or otherwise) of key skills is important in determining the relative competence of trustee boards and in identifying skill deficiencies.

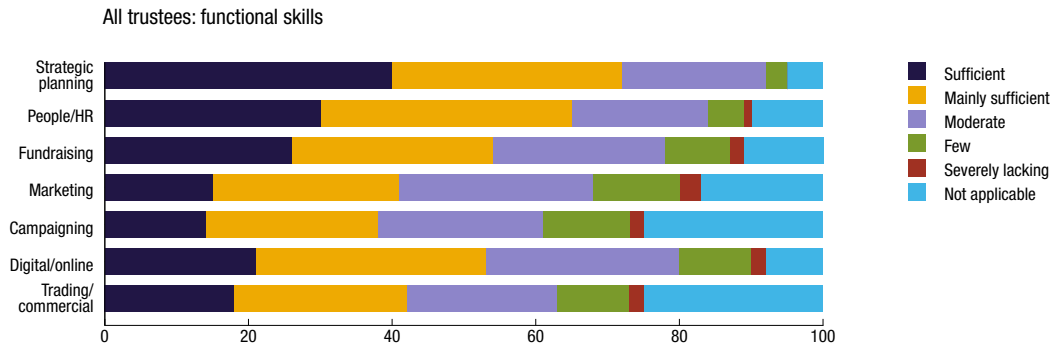
Identifying skills deficiencies allows the charities themselves and external agencies the opportunity to develop customised training and support services to close these skills gaps. It also provides an important pointer toward future trustee recruitment needs if trustee boards are to achieve the requisite balance of skills necessary to undertake their responsibilities competently.

The results from this question are presented in table 12 below.

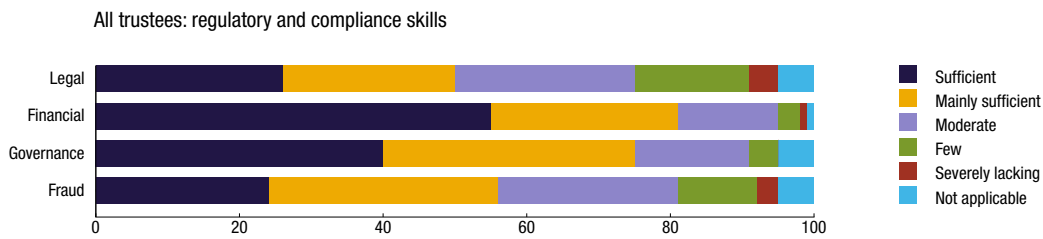
Table 12: Trustee skills represented at the board

	Sufficient skills	Mainly sufficient	Moderate	Few	Severely lacking	N/A
Regulatory and compliance skills						
Legal	26	24	25	16	4	4
Financial/accounting	55	26	14	3	1	1
Governance	40	35	16	4	0	5
Detecting and avoiding fraud	24	32	25	11	3	5
Service delivery skills						
Expertise in service delivery	57	28	10	1	0	4
Needs of clients/beneficiaries	49	32	10	1	0	8
Volunteer management	27	34	18	4	1	16
Safeguarding skills	42	29	14	4	0	11
Functional skills						
Strategic planning	40	32	20	3	0	5
People/HR skills	30	35	19	5	1	10
Fundraising	26	28	24	9	2	11
Marketing	15	26	27	12	3	17
Campaigning	14	24	23	12	2	25
Digital/online	21	32	27	10	2	8
Trading/commercial skills	18	24	21	10	2	25

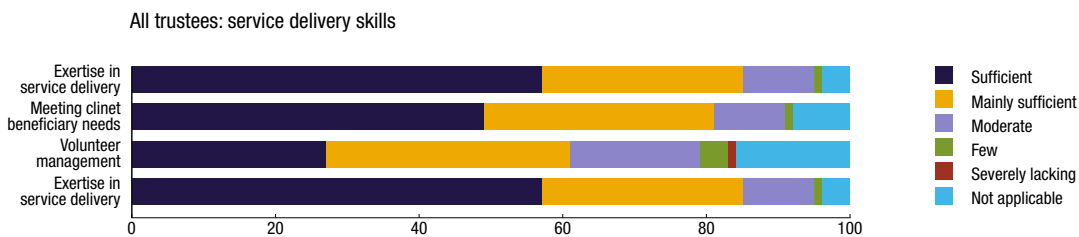
Overall the biggest skills gaps exist in legal skills, marketing, digital/online skills, detecting and avoiding fraud, fundraising and campaigning.



The response relating to detecting and avoiding fraud is particularly interesting given the consistent reports earlier in the research findings demonstrating that many trustees continue to struggle with this issue.



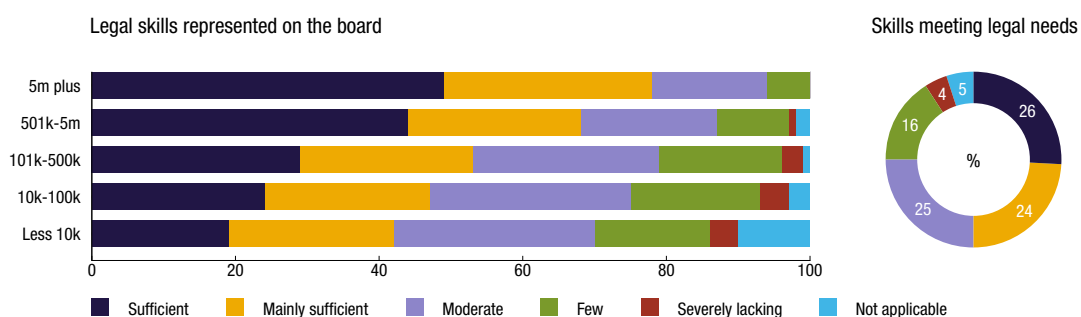
The strongest skills sets were clustered around those associated with regulatory reporting responsibilities (accounting and governance skills) and those directly associated with the provision of charitable services (expertise in service delivery and supporting the needs of clients and beneficiaries).



Regulatory and compliance skills

Legal

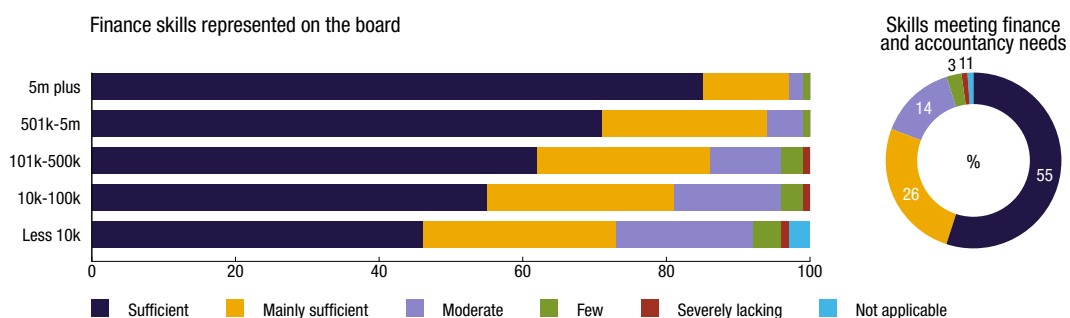
There appears to be a relative lack of legal competence reflected in board membership in these results. Although not directly tested in the research, this might be due to a preference within boards to reserve legal advice to that provided by external law firms. As reported earlier, only half of all respondents felt that the legal skills currently represented on their board were sufficient to meet the needs of the organisation. When further analysed by size of organisation this disparity becomes starker.



Over two thirds of trustees in the £500k–£5 million band reporting indicated that they had sufficient legal skills represented on their board, 78% reported this to be the case in the largest charities. Conversely, in the smallest charities only 42% of trustees report that they have sufficient legal skills on the board; this rises to 47% in charities with an income to £100k and barely passes the half way mark in charities with incomes to £500k (53%).

Finance and accountancy skills

Finance and accountancy skills needs appear to be better met by current members of those boards reporting. Across each of the different size bands of organisation reporting, save for the smallest organisations, more than three quarters of all respondents felt that finance and accountancy skill needs were sufficient to meet the needs of the organisation.



Even within the smallest organisations 73% of respondents supported this proposition. In the two largest charity bands there was almost universal agreement that accountancy and financial skills were sufficient to meet the needs of the organisation (93% and 97% respectively).

Detecting and avoiding fraud

The threat to charities from fraudulent behaviour and the growing instance of cyber fraud from external parties has come under considerable public and regulatory scrutiny in recent months.²⁹

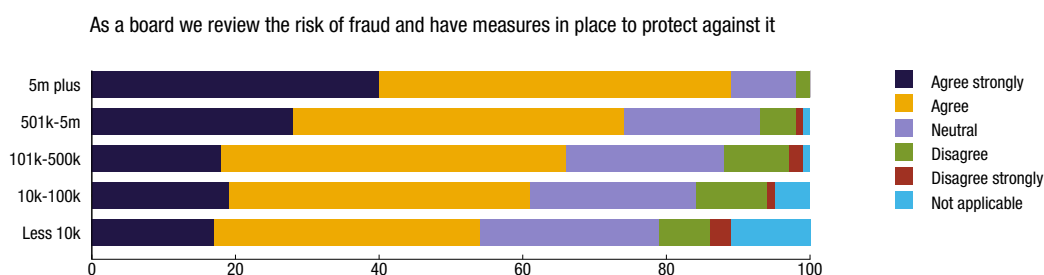
Trustees responding to this survey clearly recognise the importance of these two threats to their organisations. Table 13 below demonstrates that trustees within charities of all size are very aware of the importance of monitoring the risk of fraud.

Table 13: Importance of Monitoring the Risk of Fraud

	Less £10k	£10k – £100k	£100k – £500k	£500k – £5m	£5m plus	All
Very important	74	75	74	77	78	75
Quite important	17	18	20	19	19	18
Moderately important	7	5	6	4	3	6
Other	2	2	0	0	0	1

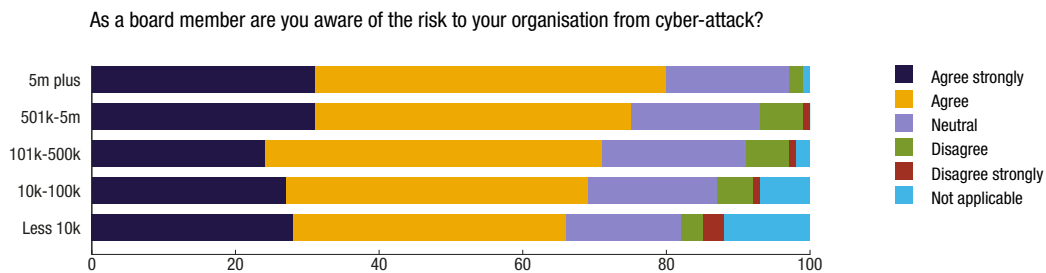
Having established the importance of monitoring the risk of fraud trustees were also asked the extent to which they review the possibility of fraud and feel that they have appropriate measures in place to protect against fraud. As is demonstrated by the results the scale of importance accredited to addressing fraud in the smaller charities is clearly not matched by their confidence to the extent that they review those risks and have put in place adequate protections to avoid fraud happening.

Whilst up to two thirds of trustees in organisations with incomes to £100k agree or agree strongly that adequate reviews and protective measures against fraud are in place in their organisations, over a third are not so clear that this is the case. Clearly there is scope here for further awareness-raising of the measures that might be taken in smaller charities to address the potential for fraud to occur.



As one might expect, in the larger organisations there is clearly wide agreement that adequate monitoring takes place and that appropriate measures are in place to avoid fraud.

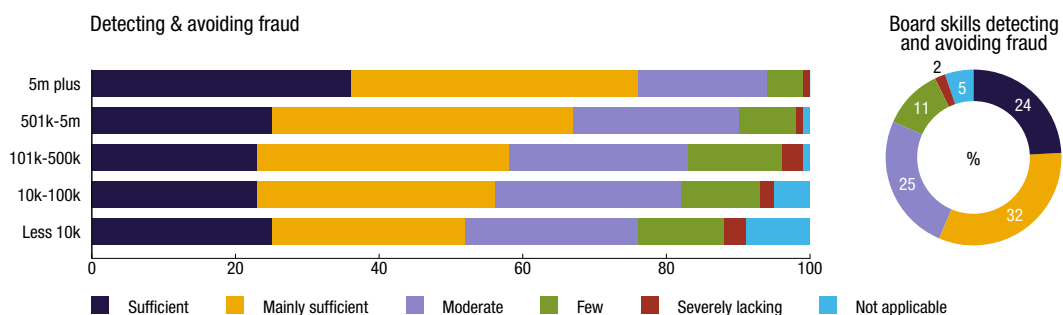
Trustees were also asked the extent to which they had been made aware of the risk to their organisation from external cyber-attack. Whilst more than two thirds of trustees across all charities either agreed or strongly agreed that they had been made aware of the threat (rising to 80% in the largest organisations); it remains the case that a significant minority remain less aware and 12% of respondents from the smallest organisations deem it not applicable to them.



Over 90% of those trustees responding positively to the fact that they had put in place measures to protect the organisation from fraud indicated that it was important to monitor the ongoing risk from fraud – 81% found this to be very important.

When correlated with those responding positively to continued review of the measures put in place to protect against fraud 74% of respondents agreed or agreed strongly that it was important to maintain this scrutiny. Worryingly, nearly one in four of these trustees (22%) remained either neutral or disagreed with the proposition. Similarly less than two thirds indicated that they had measures in place to protect against cyber-fraud agreed or strongly agreed that it remains important to protect the organisation from attack.

With regard to the presence of relevant skills and competencies on the board trustees report a less than secure response. Whilst a small majority (56%) report that their board has sufficient skills in this respect, nearly half of all respondents recognise that the board possess only moderate or few skills in this respect.



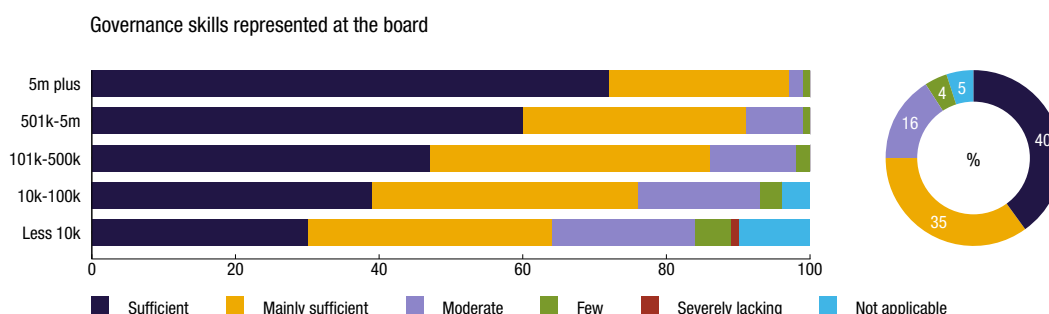
A significant majority of trustees in all organisations believe that it is important to protect their organisation against fraud and cyber-attacks. Many perceive that they have put in place adequate measures to protect their organisations in these respects. But significantly fewer trustees in all but the largest band of charities believe that their board possesses sufficient skills to achieve this end.

There is a clear case for further promotion of awareness of the need for trustees to take adequate measures to protect their organisations against fraud and particularly against cyber-attacks. Importantly, there would appear to be a strong case for additional customised training and support to promote greater skills amongst trustees in the monitoring and implementation of measures to protect against fraud and cyber-attacks.

Governance

Only 40% of all trustees report that their board contains sufficient governance skills to effectively meet the needs of their organisation. Whilst this rises to 75% when those reporting mainly sufficient skills are added, this nonetheless indicates that a quarter of all trustees reporting feel that the boards competence in this important respect is lacking.

It is clear from further analysis of the results that organisational size has a significant impact on trustees' perceptions of their board's governance competence. The relatively acceptable response across the whole sample frame is bolstered by a highly positive response from trustees reporting in the two largest categories of charity analysed.



Trustees within the largest two size bands of organisation report the presence of either sufficient or mainly sufficient governance skills in excess of 90% (91% and 97% respectively). By contrast, only 64% of trustees reporting in the smallest band of charities (less than £10k income) identify sufficient or mainly sufficient governance skills present at the board. More than a quarter (26%) report that governance skills are lacking, whilst a further 10% regard the presence (or otherwise) of governance skills at the board as not applicable to their organisation.

Whilst those reporting a deficit in the presence of sufficient governance skills at the board declines in the next smallest range of charities (income £10k–£100k), it remains the case that 21% regard governance competence at the board to be lacking. This drops significantly to 14% in the next category of charities reporting (income £100k–£500k).

It is clear from these findings that smaller charities, those with an annual income below £100k per annum, face a significant challenge in supporting effective governance skills at the board level. These charities might be smaller in size, but collectively they represent the largest proportion of charities registered with the charity commission. Their relative lack of size leads to restriction in both the resources available to promote more effective governance skills at the board and the awareness of suitably competent individuals as potential recruits to the board.

Government, the Charity Commission and voluntary sector umbrella bodies should consider the need for a concerted campaign to raise awareness of the governance skills necessary within small charity trustee boards together with a broader awareness campaign highlighting the need for suitably competent additional trustees to come forward.

Within the smaller charities themselves, government and other agencies might seek to promote greater utilisation by these charities of tailored induction programmes for new trustees that focus on the development of resonant governance skills.

Governance training providers will need to develop a customised approach in respect to training and skills development offered to smaller charities in this respect and for take up to be enhanced, it would appear that this needs to be made available to them in a more accessible manner.

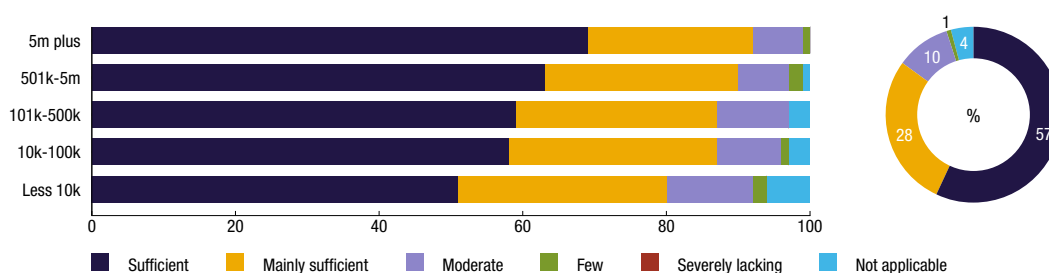
Service delivery skills

Specialist skills

Charities rely heavily on the specialist expertise of trustees to ensure that the services they deliver to their beneficiaries are effective and appropriate. In larger national charities these services are often complex and of a highly sensitive nature requiring careful scrutiny and oversight. In smaller charities, the majority of which have very few if any paid staff, trustees often both oversee and actively participate in the delivery of services.

Efficient, effective and appropriate service provision lies at the heart of an effective charitable sector.

Overall less than 60% of trustees consider that they have sufficient specialist skills with regard to service provision represented at board level.



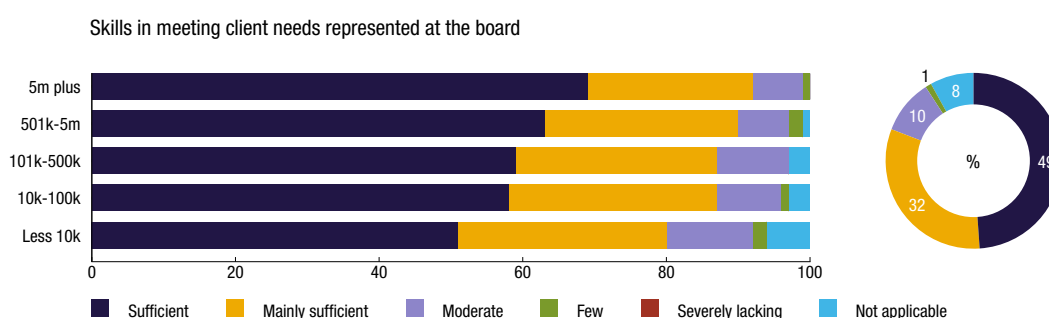
Whilst in the largest charities reporting nearly 70% of trustees (69%) indicated that they had sufficient skills at the board, within the smallest charities this figure fell to a bare majority of trustees (51%).

When the results from those responding that specialist service delivery skills were mainly sufficient are also factored in, as the diagram demonstrates, the figures reported rise beyond the 80% mark across each of the different size bands of charity analysed.

Client needs

The presence on the board of skills to ensure that specific client needs are met is particularly important where charities are dealing with vulnerable or ‘at risk’ client groups. It has also been associated closely with good practice in pursuing a more client centric approach to service delivery.

Barely half of all respondents (49%) reported that skills to meet client needs were sufficiently represented at board level although the percentage raised to 82% when those responding that the board had mainly sufficient skills were included in the results.

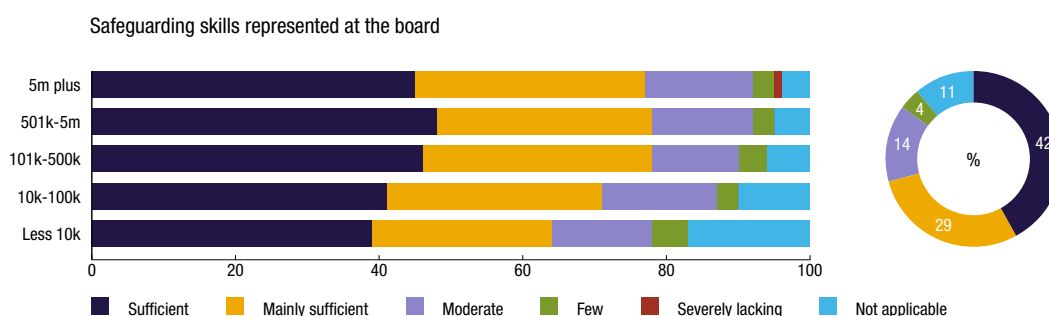


Not surprisingly the smallest charities reported lower levels of representation (41% sufficient skills) to the larger charities, although it should be noted that the distribution of results across the different size bands of charities in response to this question was very compacted, indicating similar levels of skill representation occurring irrespective of size of organisation. Again, for the smallest organisations reporting some 15% of respondents found the question to be not applicable to them. This might be due not simply to the factor of size but to the nature of the work that these charities engage in.

Safeguarding skills

By contrast with service delivery and client needs skills the presence of safeguarding skills on charity boards was not found to be as prevalent.

Overall 42% of respondents reported that their board had sufficient skills in this respect, 18% indicating that they had only moderate or few skills at the board and 11% reporting that these skills were not applicable to their organisation.



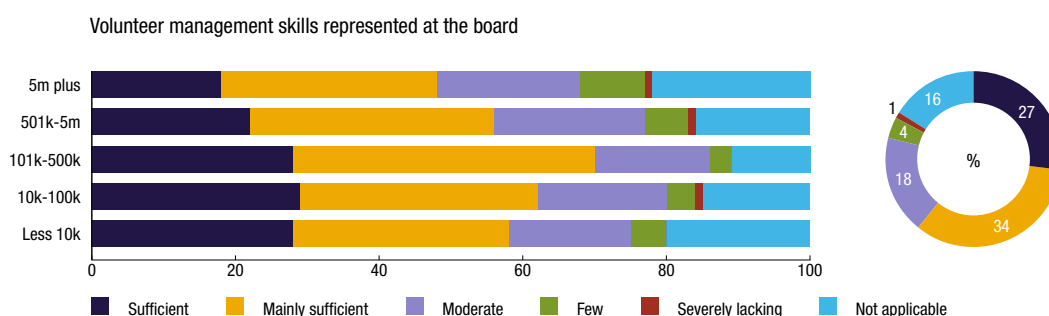
Again these skills were at a premium for trustees within the smallest charities reporting (38% sufficient skills) and within this size band of organisations 17% reported that the skills were not applicable to the organisation, only 4% doing so in the largest charities.

Even within the largest charities only a minority of respondents (44%) reported the presence of sufficient skills at board level to meet the needs of the organisation. A figure reflected closely in all other size bands.

It would appear therefore from these results that safeguarding skills might be under represented at board level within charities of all size. Lower levels of response found here might well be due in part to the specialist nature of the skills in question, allied to the precise purposes of the charity concerned; a factor reflected in the prevalence of the not applicable response across all size bands of organisation in answer to this question. But given that in the largest two categories of charity 95% of respondents found these skills applicable to the organisation, neither reported a majority of trustees indicating that sufficient skills were present at the board.

Volunteer management

Most recent statistics indicate that 14.2 million people (two in five adults) engaged in at least one formal act of volunteering for charity a month in 2015–16, delivering a monetary value to the sector estimated at £22.6 billion.³⁰ Despite the importance of volunteering to the sector as a whole, overall only 27% of trustees reporting in this research indicated that their board had sufficient skills in volunteer management to meet the needs of their organisation. Whilst the figure rises to 61% when including those responding that these skills were mainly present, 16% of all trustees responding saw the question as not applicable to their organisation. 23% reported only moderate or few skills in volunteer management at board level.



This would appear a disappointing result and one that reflects current concerns with the nature of the culture surrounding volunteer management across the sector.³¹

Whilst fairly evenly distributed across all sizes of organisation, the lowest response from trustees in this research is from those residing in the largest size band of organisations reporting. Here only 18% of trustees report that they have sufficient volunteer

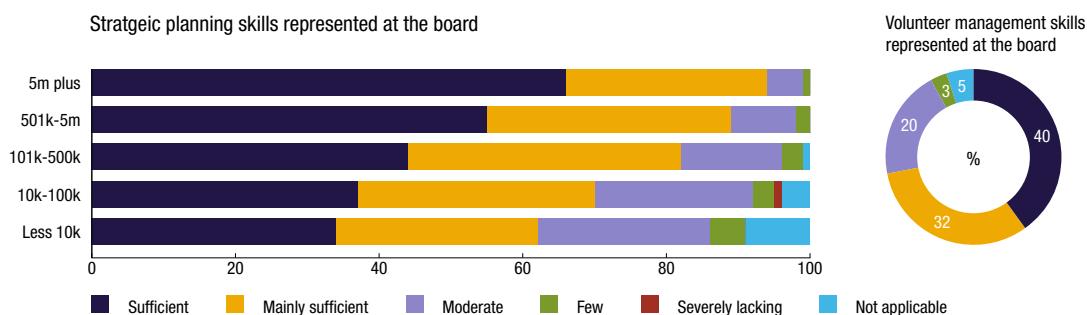
management skills represented at board level; in the three smaller charity groupings this increases to 28% and 29%. In the smallest category a fifth of respondents felt that volunteer management skills were not applicable to the organisation. This is despite that case that this research has demonstrated that the vast majority of these charities have no paid staff and rely solely upon voluntary effort. Even within the largest organisations 22% of respondents found volunteer management skills at the board level to be not applicable to their organisation.

For a sector that is so dependent upon volunteering the apparent lack of attention paid to volunteer management skills at board level present a worrying finding from this research.

Functional skills

Strategic planning

Only 40% of trustees believe that their board has sufficient strategic planning skills to meet the needs of their organisation. Whilst this rises to nearly three quarters (72%) when the next scale point is included, overall nearly a quarter of trustees believe that the strategic planning skills represented at the board in their organisation are moderate or few.

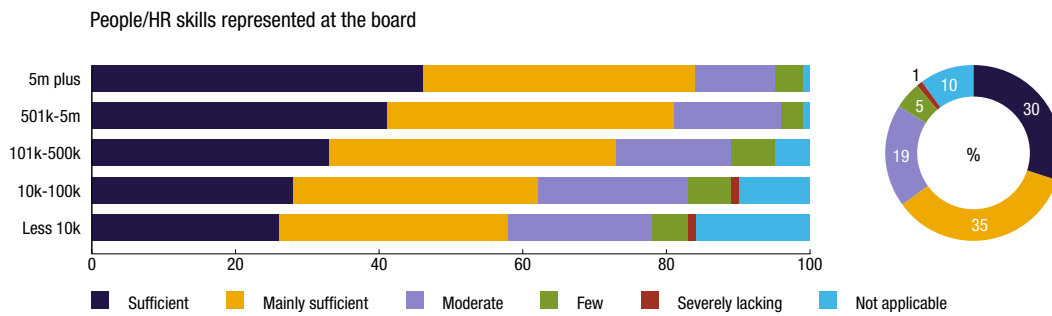


Barely a third of trustees in the smallest category of charities (less than £10k) believe that they have sufficient strategic planning skills to meet the needs of their organisation and nearly a third (29%) see those that they do have as moderate or few; 25% in the next largest category (£10k–£100k).

Whilst the presence of sufficient skills builds with organisational size even within the largest organisations 66% of trustees believe these skills to be sufficient to meet the needs of their organisation.

People/HR skills

30% of trustees think that they have sufficient skills in people and human resources management represented at board level while over 20% think that only moderate or few skills are so represented at the board.

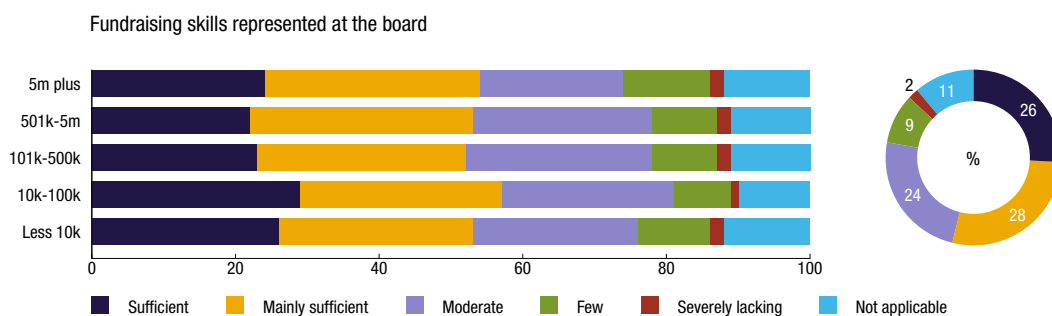


The fact that 10% of all respondents see HR and people skills as not applicable to their organisation is heavily skewed to responses emanating from smaller organisations where a lack of any paid staff would naturally down grade the significance of this skill set on the board.

Within the smallest three charity size classifications those reporting sufficient skills rises from 28% to barely a third of trustees (33%). For the reasons cited above 16% of trustees responding within the smallest charities regard the presence of HR skills as not applicable, 10% in the next size band up and 5% in the next. In the largest two size bands of charity reporting, whilst neither see a majority of respondents regarding the HR skills present on the board as sufficient (41% and 46% respectively) to meet all the needs of the organisation when the responses at the next scale point are included (mainly sufficient) the responses climb to 81% and 84% respectively.

Fundraising

Only 26% of trustees responding believe that the board has sufficient skills to meet its fundraising demands. This figure rises above a bare majority when the next scale point is included (54%), but 35% of all trustees regard the fundraising skills currently represented at board level to be either moderate, few or severely lacking.



11% regard fundraising skills as not applicable to their organisation a factor evenly reflected across each size band of charity. It seems likely that these respondents operate in non-fundraising institutions such as the vast majority of grant making foundations (5% of respondents to this research).

The distribution of results across charities in different size categories remains very consistent to the overall response. Less than a quarter of trustees in the larger charity groups consider that they have sufficient fundraising skills at board level (24% and 22% respectively), whilst in the smaller organisation categories the response is only marginally better (26% and 29% respectively).

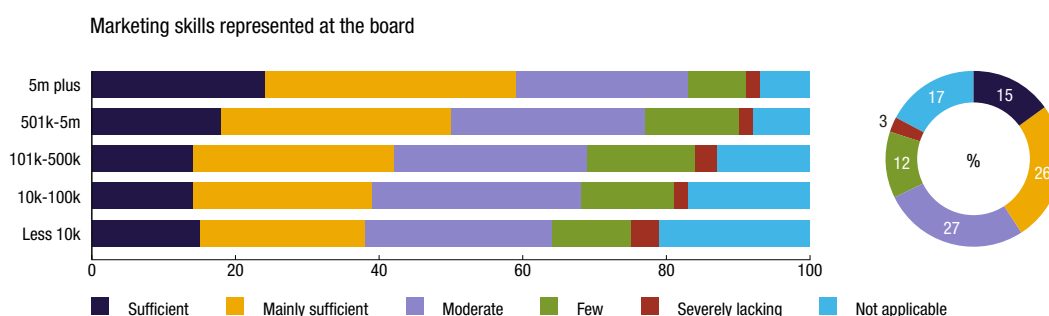
Whilst all size bands of charity report over a third of their fundraising skills to be either moderate, few or severely lacking at board level, the medium-sized charities fare slightly the worst at 37% each.

These are disappointing results not least because trustees have important leadership roles in many different types of fundraising activity. Recent legislation (Charities Act 2016) creates additional reporting responsibilities regarding the oversight of fundraising on trustees, it is concerning therefore that more than a third of trustees from the largest sized charities report current fundraising skills at the board to be either moderate, few or severely lacking.

There is a clear need here for more effective training and support to trustees regarding fundraising skills development.

Marketing

Marketing presents with one of the lowest levels of skill sets held by trustees at board level. Across the full sample frame only 15% of respondents consider that their organisation has sufficient marketing skills represented at board level to meet the needs of the organisation. A sizable minority (42%) regard marketing skills represented at the board as either moderate, few or severely lacking. 17% of all respondents regard marketing skills as not appropriate.



Whilst nearly 60% of trustees in the largest sized charities report sufficient or mainly sufficient marketing skills represented at the board, a third (32%) report these skills to be either moderate or few. This rises to 41% in the next size band (£500k-£5 million)

where those reporting sufficient, mainly sufficient skills attracts just 50% response. Even then in the largest charities, those that it has been shown that need to rely heavily on their brand management to support effectiveness in both service provision and campaigning, report a relatively low level of marketing skills being represented at the board.

In the smallest organisations it is perhaps not surprising that over 20% of respondents regard the representation of marketing skills as not appropriate – many of these organisations exist to meet well defined needs within a fixed given locality and are not looking for formalised growth strategies in order to meet their objectives.

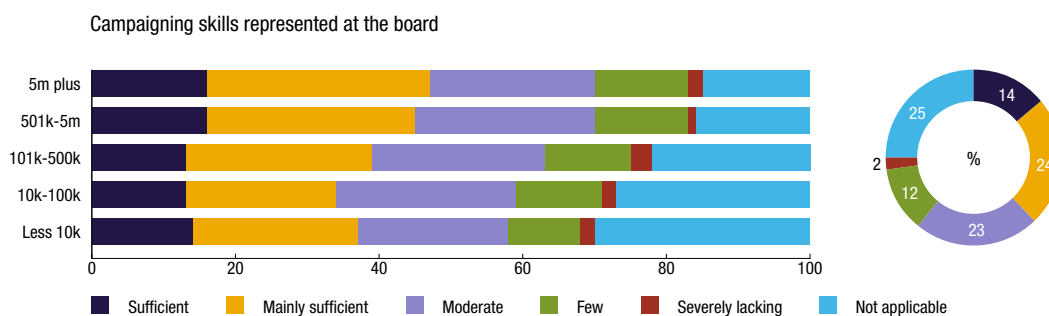
But in the middle two categories (£100k–£5 million combined) it remains the case that a significant minority of respondents (43% and 41% respectively) report marketing skills at board level as either moderate or few; 17% and 13% respectively regard them as not appropriate to the organisation.

This is concerning as it is these medium-sized charities that are often cited as the primary losers from increased competition in the charity sector. Without the appropriate strategic understanding and guidance in marketing afforded by the presence of skilled trustees at board level, the ability of these organisations to compete effectively in their various different market places is likely to be severely undermined.

As with fundraising skills, there would appear to be a clear mandate from the outcome of this research for charity training and support providers to develop appropriate trustee training and guidance to all charities (but particularly to medium-sized charities) in the application of marketing to support organisational effectiveness. Without this, effective levels of scrutiny and governance of marketing campaigns are unlikely to be achieved.

Campaigning

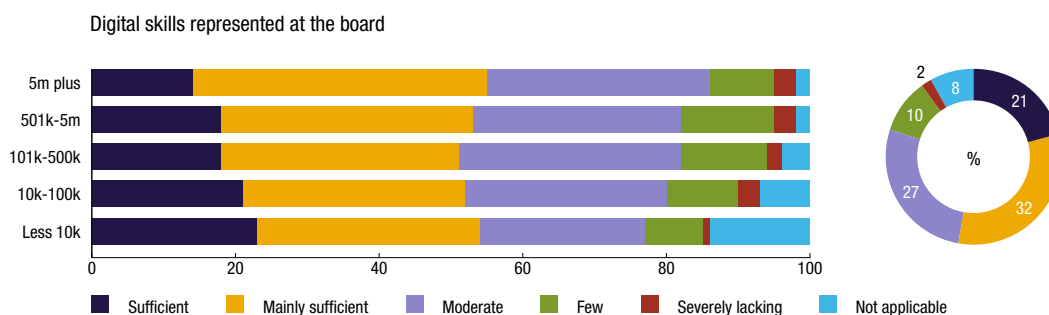
Many charities do not engage in concerted campaigning activities, a factor clearly reflected in these results. A quarter of trustees reporting across all size bands of charity regard the presence of campaigning skills at board level as not appropriate to their organisation. There is an even split between the remainder who believe that they predominately do have sufficient skills in this respect (38%) and those who think otherwise (37%).



These findings are broadly reflected across each of the size bands of charity investigated. None of the categories achieve a majority of respondents reporting sufficient or mainly sufficient skills in this respect. As one might expect, whilst remaining high relative to other skill sets those that regard campaigning as not applicable to their organisation decreases with size by a factor of two to one.

Digital skills

It is clear from these results that charity trustees have begun to reflect the growing appreciation of the digital revolution in the skill sets represented within their boards. Overall, 80% of trustees respond that they have some level of representation of these skills at board level although just 21% of all respondents feel that they currently have sufficient digital skills represented at the board.



These results remain consistent across all size bands for trustees reporting sufficient or mainly sufficient representation of skills at the board (51%–55%) although it is interesting to note that it is within the largest sized charities that trustees report the least attainment of sufficient skills (14%) although some 41% of respondents indicate that the skills represented are mainly sufficient.

Whilst it is clear that trustees have begun to embrace the onset of the digital revolution it is equally clear from these results that they require further training and development support if they are to be fully integrated to discussion at board level.

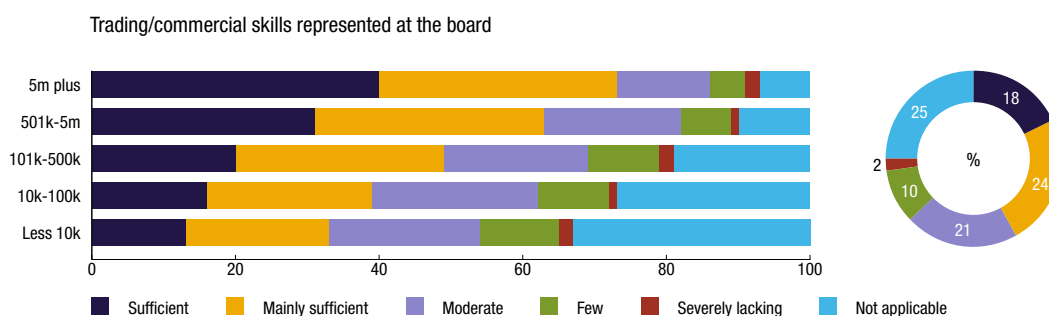
Again there would appear to be opportunities here for training and support agencies to develop customised training interventions to further enhance trustee capacity in this regard.

Trading/commercial skills

The nature of the question asked lends trustees to reflect on the presence of commercial skills present at the board directly related to charity trading.

In anything other than its most incidental and inconsequential forms (ad hoc sales of charity merchandise) this question focuses upon the presence (or otherwise) of specific charity trading skills most commonly associated within the charity sector (i.e. retail trading, catalogue based sales through traditional and digital channels and the negotiation of contracts and service agreements).

These are highly specific skills most commonly associated with larger organisations and it is not surprising therefore that they are found to be least present in the smallest charities reporting. Less than 20% of trustees report sufficient skills being present at the board in the two smallest income bands reporting and within the third (middle band) this rise to only the 20% mark. More significantly, 33%, 27% and 19 % of trustees in these three categories of charity report that trading and commercial skills are not appropriate to meet the needs of the organisation.

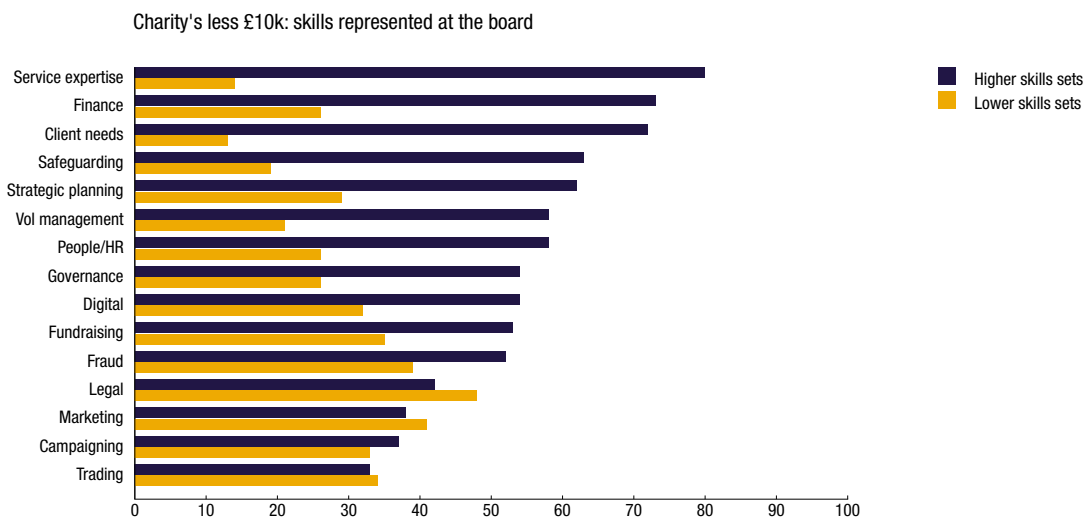


By comparison, in the two larger charity categories nearly two thirds of respondents report the presence of sufficient or mainly sufficient skills amongst trustees.

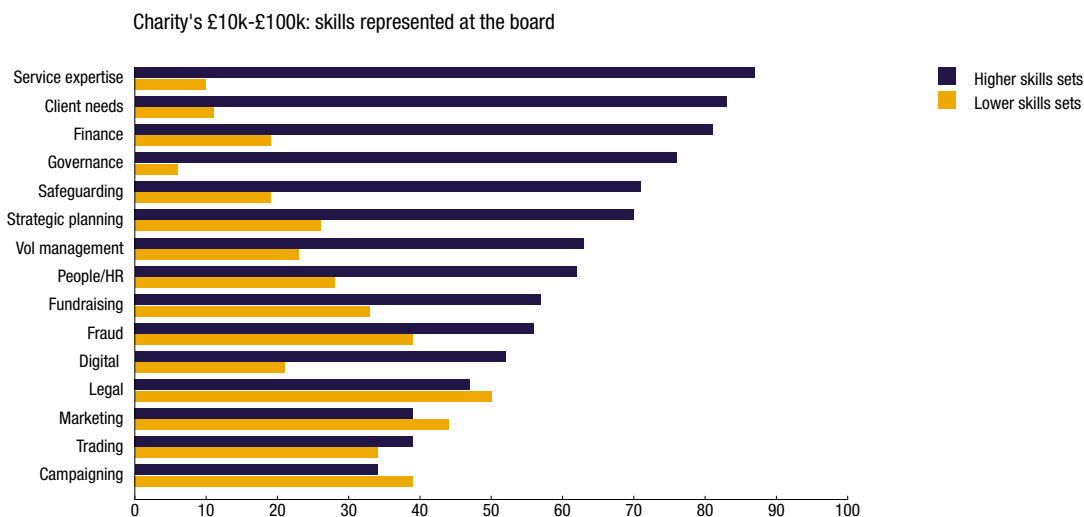
Overall, whilst a quarter of those responding do not see trading and commercial skills as appropriate to meeting the needs of their organisation, where they do a sizeable minority of those responding (42%) believe that they have either sufficient or mainly sufficient skills in place amongst trustees.

Relative incidence of trustee skill sets represented at the board

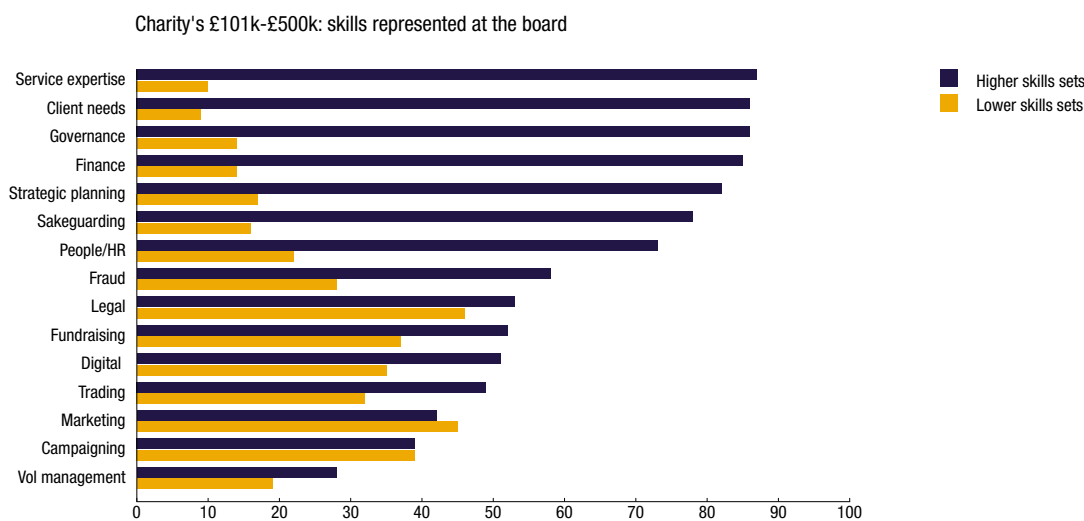
Finally we can chart the relative instance of trustee skills represented at the board that are seen as important to those trustees in meeting the needs of their charity.



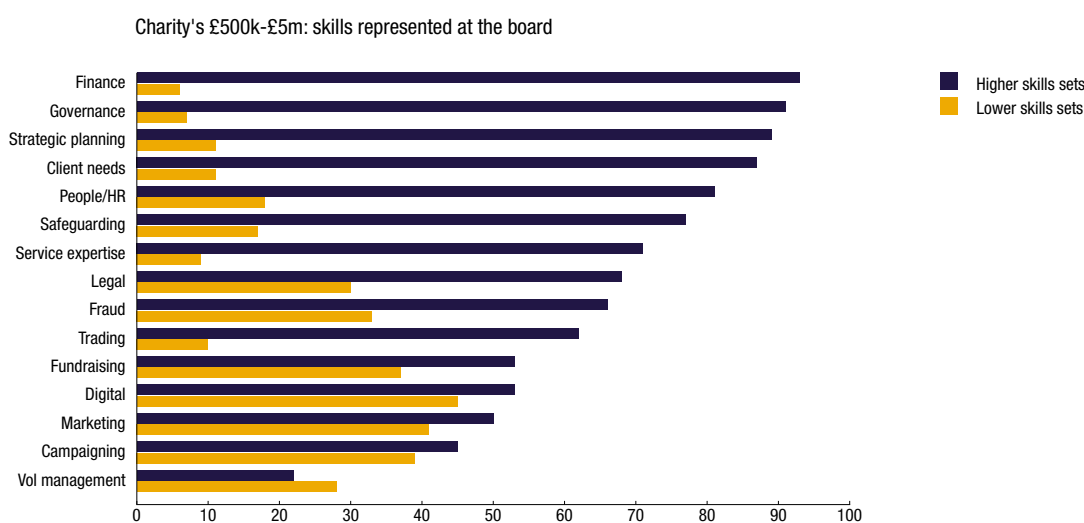
In the smallest charities by income range the higher skills sets present at the board focus around those most associated with the provision of services to beneficiaries and clients. Least represented skills occur within the specialist functional support skills most notably those associated with the law, the avoidance of fraud, marketing trading and campaigning skills.



For trustees within charities with an income range £10k-£100k higher skills sets once again focus around the provision of services to clients and beneficiaries although governance and strategic planning appear more prominently. Least represented skills again occur within the specialist functional support skills most notably those associated with campaigning, trading marketing and the law.

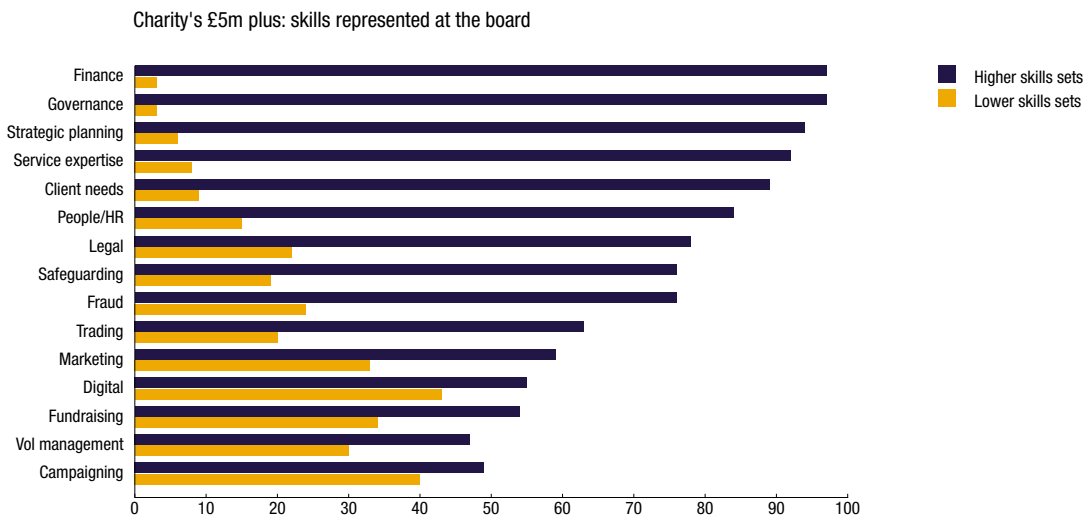


In medium-sized charities with an income range £101k-£500k whilst service provision skills still predominate the overall levels of skill competences reported are significantly higher than for the previous two categories. Management skills now cluster in the upper half of skill sets recorded the one interesting exception being volunteer management skills which decline very significantly from those presented within smaller organisations. In larger charities with incomes ranging £500k-£5 million management and governance skills come more to the fore climbing above those more closely associated with direct service provision to beneficiaries and clients. Competence in legal skills and those seeking to prevent fraud grow in significance whilst functional skills associated with campaigning and marketing remain poor. Volunteer management again falls below all other skill sets in its effective representation at the board level.



In the largest charities, those with an income in excess of £5 million, very high levels of skill competence are reported down to the mid-point scale. Higher skill sets are dominated by management skills and by those required for compliance and regulatory report.

Again it is the specialist functional skills that appear to be least represented. Whilst marketing competence appears marginally higher in these organisations (relative to the others) fundraising skills appear less well represented. For many of the organisations in this category they will be supported by large numbers of volunteers. It is concerning therefore that volunteer management again appears to be one of the least developed skills represented at board level.



Sources of advice and support to trustees

Overall it is clear from the results presented that trustees responding in this research focus their sources of support and advice heavily around advice gained from fellow board members and the chair of their charity and by utilising both the Charity Commission website and Charity Commission publications. It seems clear from these results that Charity Commission sources apart, in the main charity trustees look within their organisations for support and advice rather than outside it.

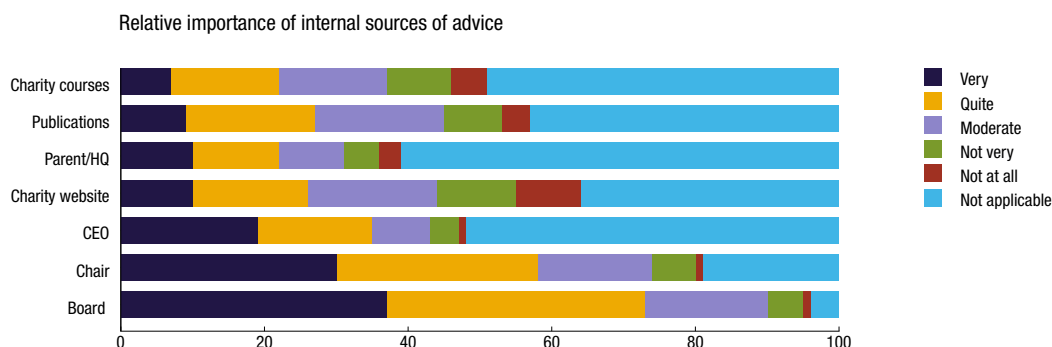
Perhaps most striking (highlighted in bold in the adjacent table), is the large percentage of all respondents that found various different sources of advice and support as not applicable to them.

Table 14: Sources of advice and support to trustees

	Very important source	Quite important source	Moderately important source	Not very important source	Not at all important source	N/A
Internal sources of advice						
Fellow board members	37	36	17	5	1	4
Chair of the organisation	30	28	16	6	1	19
CEO of the organisation	19	16	8	3	1	52
The organisation's website	10	16	18	11	9	37
Our parent charity/National HQ	10	12	9	5	3	62
Internal publications/guidance	9	18	18	8	4	43
Internal training courses	7	15	15	9	5	50
External sources of advice						
Charity Commission website	42	29	18	7	1	3
Charity Commission publications	29	30	22	9	4	6
Professional advisors	20	24	18	8	4	26
Professional bodies	15	24	18	10	4	29
Voluntary sector advice bodies	13	21	20	11	7	28
External publications/guidance	13	28	25	9	3	22
External training and events	9	19	20	11	5	36

Internal sources of advice and support to trustees

Internally it is clear that trustees focus on support from fellow board members: 80% of all respondents regarding this as their most important internal source of advice and support. Nearly three quarters of respondents (74%) looked to the chair as an important source of advice and support.



Whilst these findings can be regarded as a positive testament to the standing of internal board relations, it begs the questions as to whether or not fellow trustees are always the most authoritative source of advice and support. The not applicable responses relating to the CEO and to parent or headquarter bodies in federated charities reflect the large number of trustees responding from smaller charities (often with no professional staff) in the former case and by a relatively small proportion of federated organisations being represented within the overall sample frame.

However, the lack of reliance on the CEO for advice and lack of take up of internally developed guidance and training courses, indicates that charities themselves might do more to support their trustees in providing the advice and support that they require, both through more formalised induction practices and as an on-going opportunity to promote board development.

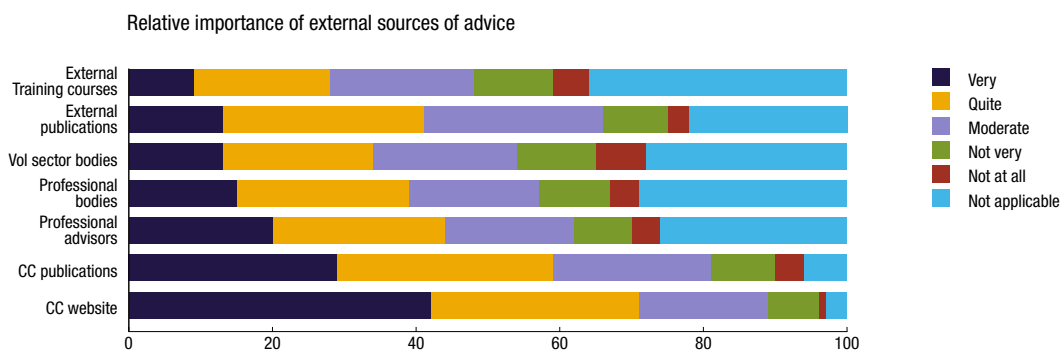
External sources of advice and support to trustees

The Charity Commission website provides the most important source of advice to charity trustees with nearly 90% of trustees regarding this source as important (89%). This is followed closely by Charity Commission publications (81%), the majority of which are themselves provided through the medium of the Charity Commission website.

Taken together, they represent by far the most authoritative sources of advice and support selected by trustees as important to them.

These results therefore provide a clear focus and *raison d'être* for the Charity Commission to further upgrade both the range of information and advice that it provides to trustees through these two mediums and to ensure that the advice proffered is properly tailored and accessible to different trustee audiences as might be required.

Overall, reliance by trustees on other sources of external advice and support is relatively low. This general finding does however mask a marked variation in response between trustees responding within different size bands of charity, a factor that is reported below.



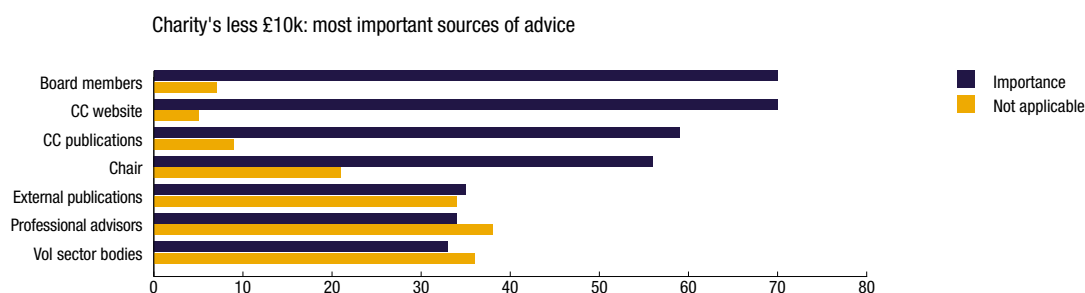
Whilst professional advisors and bodies fare relatively better it is a matter of some concern that overall, nearly a half of all trustees responding (46%) regard voluntary sector umbrella bodies as either not an important source of advice and support to them, or simply not appropriate to them in this regard.

Delivery of support to trustees through training courses fares worst of all, whether internally or externally commissioned. In both cases a majority of all respondents found training courses to be either not important to them as a source of advice and support or simply not applicable (64% internal training; 52% external).

Variation by size of organisation

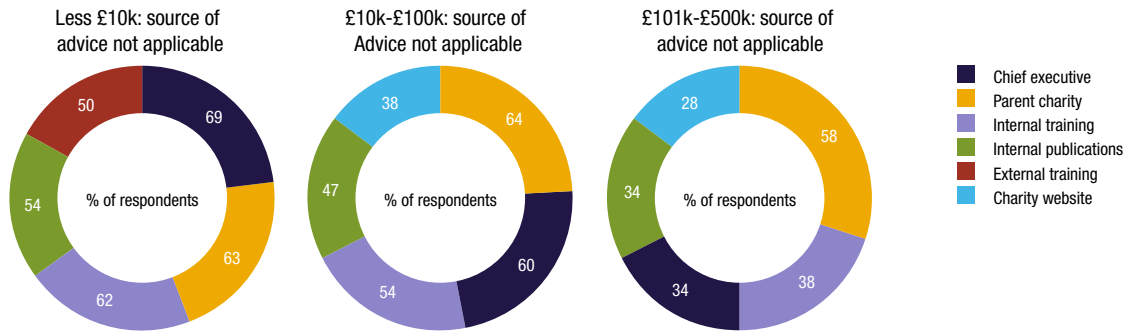
Smaller charities

Trustees within the three smallest income bands of charities offer very similar results. The majority of trustees reporting within each of these bands of charity balance their principal sources of advice and support between members of the board, the chair and the Charity Commission website and publications.

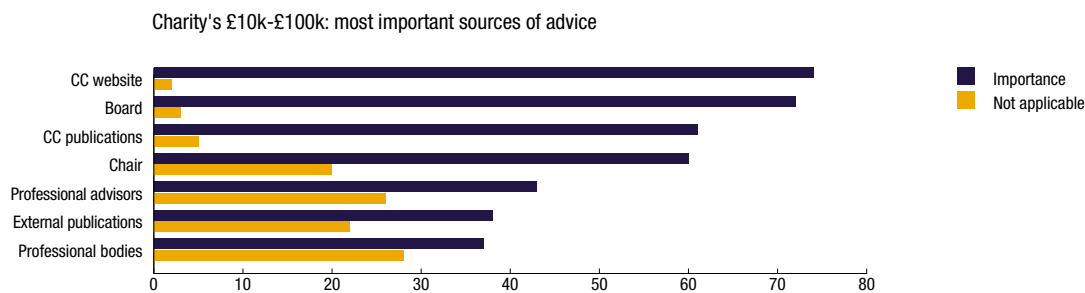


The vast majority of these organisations have no paid staff, and therefore no chief executive to look to for information and support. In practice, the results presented here indicate that the smallest charities have little or no internal infrastructure in place to provide effective support to trustees other than from their colleagues on the board.

In each case a majority of trustees reporting indicate that important sources of internal support are not applicable to them, whilst external training courses appear underutilised.

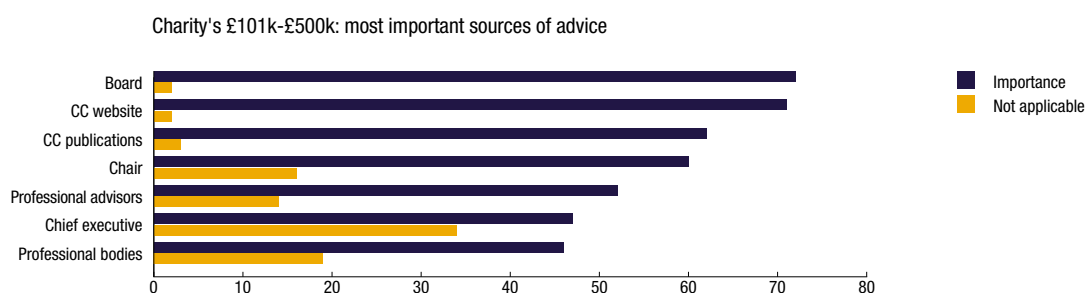


A similar response is found in the next two size bands of charity. Additionally, trustees in both of these categories of charity also regard their own website as a non-applicable source of advice and support to trustees (albeit at a lower level of response).



Only in the largest of the three categories of charity (those with an income ranging £101k-£500k) does the chief executive become a significant source of advice and support to trustees.

This is not to infer that CEOs in these charities do not provide effective advice in this respect rather that, with over a third of trustees continuing to report the CEO as a non-applicable source of advice and support to this group of charities, it appears likely that many of them do not have a CEO in post. Note also that the percentage of trustees reporting sources as non-applicable in each case has declined significantly as internal resources increase.



The lack of internal resource within these smallest charities presents both an opportunity and a challenge for professional advisors and voluntary sector umbrella bodies to provide more nuanced guidance and support to these organisations.

Whilst a third of respondents within the smallest sized charities saw these bodies as important sources of advice and support, a greater percentage in each case reported that the services that they currently offer are not applicable to them.

This is not to criticise external agencies. Gaining effective penetration and awareness amongst trustees in these very small charities is exceptionally difficult and unlikely to be cost effective for many external providers and voluntary sector umbrella bodies.

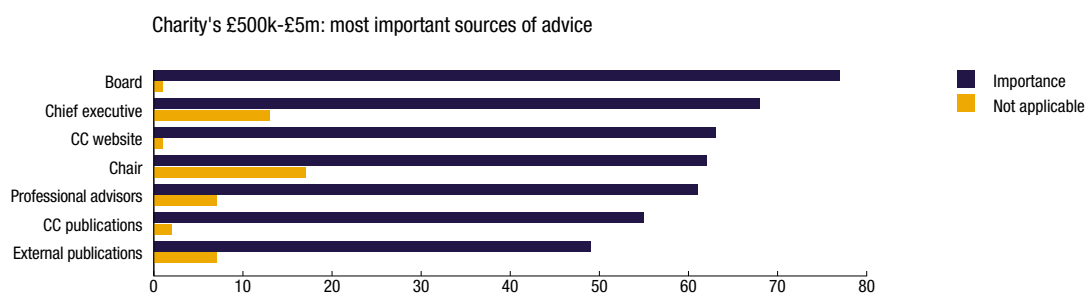
Given the higher regard with which Charity Commission sources of advice and support are viewed by respondents in these categories of charity, there is a strong case for the government to provide further support to the Charity Commission to further develop its leadership role in this respect. Both directly, and in developing its growing convening powers with voluntary sector bodies, the Charity Commission and these institutions have an important role to play in kick-starting the development of customised support and advice to this group of charity trustees and in signposting more effectively where that support can be found.

Smaller charities do not use sources of advice more commonly associated with the two larger charity classifications.

Larger charities

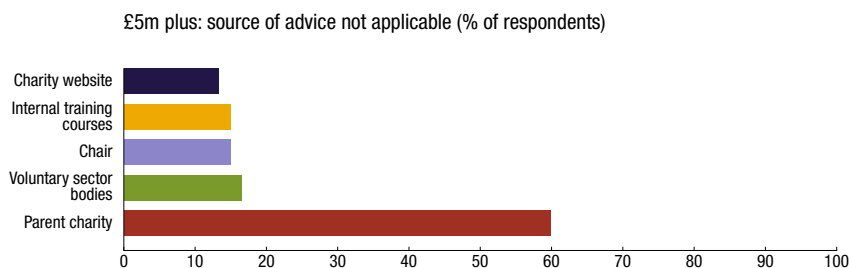
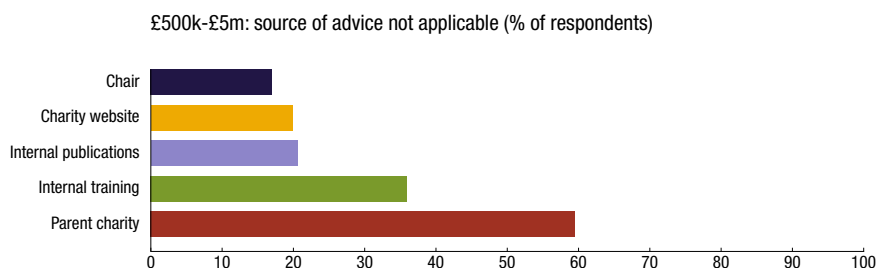
In the largest two income bands reporting trustees again look to fellow board members as an important source of advice and support but here the role of the chief executive is much more significant alongside the chair and external sources of professional advice.

Organisations with income £500k-£5 million report significantly higher percentage rates responding across the top seven sources of importance of advice and support cited. There is a greater balance exhibited in the results between internal and external sources of support coupled with lower levels of non-applicability in those sources cited as such.

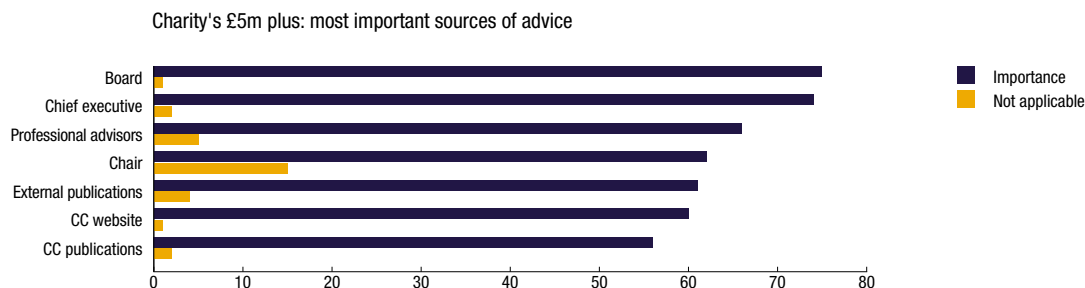


Whilst the chair remains an important source of advice and support their influence declines relative to the growth of importance of the chief executive, note the growth in the non-applicability percentage achieved here for the chair relative to the CEO. The Charity Commission remains an important source of advice and support to these trustees and the role of professional advisors becomes more significant as the organisations grow in the complexity of the activities embarked upon and the regulatory reporting requirements deemed necessary.

It is interesting to note that relative to other important sources of advice and support to trustees, voluntary sector bodies (i.e. NCVO, AoC) remain as a non-applicable to a significant minority of trustees in both of these larger categories of charity. It should be noted however, that the relative response rates reported are low in this regard for all sources save Parent Body/HQ for whom this would not be relevant to these larger organisations.



In the largest charities the CEO comes closest to parity with fellow board members as the most important source of advice and support to trustees. Whilst the chair remains a significant source of support there is a growing significance in the role expected of both professional advisors and external publications; the former eclipsing the relative importance of the chair. Charity Commission sources remain significant as they have done across the full sample frame reporting.



There is however, a marked lack of reference to the use of structured training courses to deliver advice and support to trustees in these larger organisations be they internally or externally commissioned and it is interesting to note that a significant minority of trustees cite the organisation’s website as not applicable in this respect.

Within the analysis of trustee skill sets (see previous section) the growing competency amongst trustees with digital technology was noted. Given this finding it is interesting that all charities reporting, but particularly the larger charities, appear to be under-utilising their websites in the provision of advice and support to their trustees. The Charity Commission and other specialist providers should regard these findings as an opportunity to further encourage charities to make advice and guidance available to their trustees via their website and intranet capacity; both direct advice and signposting trustees to alternative providers where appropriate.

Given the significant importance attributed to the chief executive as an important source of advice and support to trustees in these largest charities it is important that the Charity Commission (and other providers) maintain strong bilateral contacts with CEOs who appear to be acting as principal gatekeepers to trustees in this respect. This is particularly important in the role that the Commission plays in providing legal updates to trustees and in distributing regulatory alerts.

Conclusions

The findings in this research report focus upon charity trustees' awareness of their responsibilities, both in law and in the governance of the institutions for which they are ultimately responsible. The research also identifies the principal sources of support and advice that trustees utilise to help them to meet the various challenges associated with charity trusteeship.

As reported by trustees participating in this research, the research details the presence within their trustee board (or otherwise) of key skill sets and competencies that are associated with effective governance and trusteeship.

Given the nature of the sample frame for this research and the methodology employed in determining that sample, the research findings also provide a detailed analysis of contemporary charity trustee demographics together with an understanding of both the personal reward that charity trustees take from undertaking this role, and their principal motivation(s) for doing so. The term of reference for this research project is reproduced in Appendix 3.

Size matters

It is well established that the charity sector in England and Wales is highly stratified. The results from this research reinforce this fact. Our research identifies that 80% of all charities have an annual income of less than £100k per annum and 46% achieve less than £10k a year. The majority of these organisations employ no staff (an average below one employee per two charities) and report few volunteers outside the trustee body. For the vast majority of trustees (70%) this is the context within which they must discharge their duties and rely predominately on themselves to deliver the activities of the charity.

It is equally clear that these trustees face different challenges from those operating in large national organisations. Consequently, measures developed to enhance trustee awareness and the effective fulfilment of their duties will need to differentiate and take proper account of the distinctive context within which the majority of trustees operate.

The Charity Commission register records c950,000 trustee roles of which c100,000 had been identified as the same person, suggesting that there are c850,000 individuals serving as trustees. However, our findings indicate that the total number of individuals serving as trustees is closer to 700,000.

Trustee recruitment and diversity

Charity trustees lack diversity in age, gender, socio-economic standing and in ethnicity. All charities continue to face a real challenge in achieving boards with both diverse membership and balanced and relevant skill sets.

For some, particularly very small charity trustees boards, this may not be an imperative; but overall, trustees across all size of charities remain drawn from a very narrow cross section of the beneficiaries that they serve or represent and from society as a whole.

The lack of diversity amongst trustees is further impacted by their process of recruitment. This is characterised (across all sizes of charity) as predominantly informal in nature, which is likely to constrain outside influence and engagement and to be self-replicating in outcome in both demographics and skills.

Nonetheless, in terms of demand and supply of new trustees, this research finds a continuing healthy inflow of trustees to trustee boards, a low incidence of payment of trustees connected with the general observance of their duties and no evidence of a shortage of those willing to take on trusteeship of charities.

Trustees' perceptions of their role

Trustees regard their role as very important to them. They are confident in their general awareness of their legal and reporting responsibilities and in their willingness to observe those responsibilities when relevant at trustee board meetings and more widely across the charity.

They demonstrate less confidence with respect to specific legal obligations, not least the joint responsibility for submission of the accounts and the annual return. There is some concern expressed regarding their role and ability in the prevention of fraud and mitigation against external cyber-attack. These factors increase as the size of the charity reduces; one in five trustees in the smallest charities lack confidence in their competence in these respects.

Trustees look predominantly to their own trustee body (and particularly to the chair) for advice and support regarding the discharge of their legal responsibilities.

Given the relatively closed nature of the recruitment process adopted for the majority of trustees and the expressed lack of legal skills represented at the board (particularly in smaller charities), trustees run the risk of compounding their own lack of confidence with lack of recourse to independent, authoritative advice and support regarding these matters.

The value associated with trusteeship

Trustees are motivated to 'give something back' and to support the beneficiaries and clients that their organisations exist to support. 90% find the role personally rewarding. They appear well supported by fellow board members and confident and comfortable in making their contributions at board meetings.

We estimate the value of the time that trustees spend on their trustee duties at £3.5 billion per annum, to which can be added a considerable additional sum in respect of the time that trustees – particularly in smaller charities – devote to the operational activities of their charities.

The skills represented by trustees at board level

Trustees in all sizes of charity report a lack of necessary skills at board level with regard to legal skills, detecting and avoiding fraud, fundraising, marketing, campaigning and the development of digital skills. These findings provide important future pointers to providers of advice, support and training for trustees generally. They also provide a marker to trustee boards themselves of the skills agenda that they might seek to address.

Higher skill levels were reported generally and across each size band for finance skills, governance and skills directly supporting the delivery of services to beneficiaries.

To be attractive to trustees in different sizes of charity and to have a positive impact on skills development, the precise nature of support and developmental programmes devised to address trustee skill deficits will need to be contextualised by both the size and the reach of charities. They will also need to be customised to the very different challenges that confront charity trustees in larger and smaller organisations.

The vast majority of charity trustees operate in charities characterised by no or few staff and with recourse to limited numbers of additional volunteers. They have few, if any, internal resources available to support the development of more formalised advice and training for new and serving trustees.

Across all charities the majority of the skill needs identified from this research are specialised and often technical in nature. The governance and management demands associated with them vary significantly by size of organisation and by the resources available within the charity to meet them.

Whilst a broad generalist approach addressing trustee skills might prove supportive in limited cases, a more effective response is likely to include participation from a range of different types of provider (e.g. umbrella bodies, professional institutions and professional advisors, commercial providers) operating at national, regional and local levels.

Consideration should therefore be given to the coordination and consistency of content across alternate providers, whilst equally promoting different approaches designed specifically to meet the different needs and demands facing trustees in different size of charities.

Sources of information, advice and support to trustees

Currently the majority of trustees look to their fellow trustees and to the chair or (where applicable) to the chief executive of their charity as their principal source of advice and support.

In smaller charities, where the vast majority of trustees reside, the chair and fellow trustees are the dominant source of advice and support. These charities have few resources to provide support and appear in the majority of cases not to have developed more formalised systems or processes to provide advice and support to their trustees.

Some level of professional advisor support is recognised, though there is little or no reliance on either internal formalised training or externally driven sources of advice and support, save for the Charity Commission website and Commission publications.

Whilst less marked, a similar variation extends to trustees of larger organisations. Whilst reliance on the chief executive grows with organisational scale, a focus on informal rather than formalised provision of advice and support remains. Clearly as the complexity and rigour of formal reporting grows with organisational size, so the role of professional advisors becomes more apparent in larger charities.

It is clear from these findings that charity trustees look to the Charity Commission (its website and its publications) as their most authoritative source of external advice and support. It is imperative therefore that the Charity Commission both recognises and resources its leadership role effectively in this respect. It is equally important that the Charity Commission has mechanisms in place that ensure that its provision of advice and support is suitably accessible and understandable to charity trustees operating in very different contexts, and that where appropriate advice and support is customised accordingly.

Across all size bands of charity, trustees do not consider the services currently offered by voluntary sector umbrella bodies and by other external providers as applicable to them. This is a matter of some concern – both to those providers themselves; and to the fact that charity trustees appear in the majority of cases to look to seek information and advice informally and internally from fellow trustees.

There is a clear danger here that charity trustees reliance on fellow trustees as their principal source of advice and support might result in them receiving insufficiently high quality independent advice and support from suitably qualified sources.

This concern is compounded by the lack of reported formality in the recruitment of trustees coupled, in the majority of instances, with the absence of any formalised induction process to support them as they become trustees.

Recommendations

The recommendations presented here follow from the conclusions developed from the research analysis of the data presented in the main body of this research report. A detailed derivation for each of these recommendations is provided in tabular form in Appendix 5.

Recruitment of trustees

We recommend that more work be done to encourage trustee boards to actively embrace the introduction of different people, new ideas, skills and experience to trustee boards, and to target the recruitment of trustees from more diverse sections of society:

1. Voluntary sector umbrella bodies, supported by the government and the Charity Commission should establish a campaign to:
 - a) promote the value that charity trusteeship brings to public life, to beneficiaries and to trustees themselves
 - b) raise awareness of the benefits associated with trusteeship
 - c) promote greater diversity within charity trustee boards.
2. The campaign should reinforce awareness of how the legal responsibilities of trustees can be effectively managed, and the benefits of appropriate trustee induction in this respect.
3. As part of such a campaign local providers (e.g. CVSS and Community Foundations) should be encouraged and resourced to tailor provision to smaller charities.
4. Umbrella bodies representing key skill sets (e.g. IOF, AoC, NAVCA) should contribute specialist knowledge, content and advice to the campaign as applicable.
5. Professional bodies and professional advisors should be utilised in supporting and delivering the campaign, as they have an important role to play in promoting diversity at board level.
6. A national register and regional registers of trustee vacancies should be established and publicised widely. National and local providers (e.g. volunteer centres, Trustees Unlimited, Reach, community foundations, CVSS) should be identified and resourced to act as trustee awareness 'clearing houses' - maintaining and advertising trustee vacancies to the general public and providing a list of prospective trustees to charities.
7. Government should play its part in resourcing such a campaign along with matched funding from within the charity sector and from the private sector.
8. The Charity Commission should use its leadership and convening experience to provide a visible focus for such a campaign.

Provision of advice and support

We recommend that a more differentiated and granular approach be taken to the provision of advice and support to the charity sector, recognising the huge diversity in the scope and nature of its activities, and the consequent needs of its trustees:

9. Individual charities, voluntary sector and private sector providers and voluntary sector umbrella bodies should be encouraged by government to adopt a more granular, comprehensive approach to the review of trustee skill deficiencies and

- support needs. This should take into account the varying demands of different types of charity sub-sector service provision, the varying size and reach of charities, and different levels and type of internal resources available to them.
10. The review should be supported by relevant national professional bodies (e.g. ACEVO, ICAEW, NAVCA, CIPD, IOF, CFG) and should involve the participation of a wide range of different types of advice, support and training providers.
 11. The Charity Commission should take a convening and leadership role in the review along with voluntary sector umbrella bodies.
 12. Given the important internal role of the chair and the treasurer on trustee boards, specific review and support measures might be developed by the AoC and the Honorary Treasurers Forum in respect of these roles.
 13. A single, 'one stop' approach advising and guiding trustees on their duties and responsibilities is unlikely to be effective. A differentiated and nuanced approach (targeted by size and reach of organisation) involving the coordinated response of a variety of different providers is necessary.
 14. Consideration should be given to the consistency of content delivered by advice and training providers across different specialisms and with different anticipated reach to different sizes of charitable organisation. The possibility of the development of trustee guidance, support and training templates, customised by size of charity should be considered.
 15. Professional bodies should be encouraged to support professional advisors in the development of customised advice and support to trustees, both directly and through the development of coordinated information and advice campaigns. (Trustees Week, Remember a Charity Week and Will Aid provide good exemplars of the effectiveness of such an approach).
 16. Local providers (e.g. CVSs, volunteer centres, community foundations) should be encouraged and resourced to provide tailored information, advice and training to charity trustees and prospective trustees.

Development of a digital advice, support and communications strategy

We recommend that all key stakeholders in the charity sector should review and enhance their advice, support and communications to reflect and draw upon developments in digital technology:

17. The Charity Commission and OCS along with other key sector stakeholders should jointly consider the development of a digital strategy for providing appropriate and timely advice and guidance to trustees that reflects the huge diversity of the sector. This strategy would in turn provide a basis for a programme of development of on-line support that is accessible to all or most trustees.
18. As part of this process consideration should be given to the development and implementation of a trustee web portal offering a focal point for information, advice, skills delivery and signposting for charity trustees.
19. The Charity Commission should use its convening powers to bring together relevant potential partners (e.g. voluntary sector umbrella bodies, professional associations, commercial providers), to support the initial resourcing, design, structure and content of such a web portal. This will necessarily include the

- development of a detailed business plan and operational model designed to deliver self-sustainability over the medium term.
20. Government should encourage and support the charity sector in the development of new channels of support and advice to trustees made available through technical innovation incorporating digital technology (i.e. App development, MOOCs) and to new opportunities to advertise and signpost alternative routes to provision
 21. The initiative should include the further development of established provision, and also the application of less established types of provision, now made possible and more effective by the application of new technology (e.g. virtual coaching and mentoring, peer support networks, skill specific apps, online training).
 22. Given the high dependency of charity trustees on Charity Commission sources of advice and support, the Commission should review the structure, style and the content of its advice and support to charity trustees to maximise the accessibility of that advice, and to ensure their ease of understanding of it. The Charity Commission should in particular:
 - a) review the format and content of its quarterly newsletters to trustees to ensure that they are in line with the best modern standards for such communications
 - b) consider what improvements can be made to the format of and navigation within the Charity Commission website, taking account of the constraints imposed by GOV.UK

Collection of additional information by the Charity Commission

We recommend that the Charity Commission should capture additional information on trustees:

23. Request charities to provide email addresses for all trustees. The current situation where the Commission holds usable email addresses for just 27% of trusteeships is a severe limitation on the effectiveness of communications to trustees.
24. Request all charities to provide details of other charities of which their trustees are also trustees. This will, over time, enable the Commission to move towards a single record for trustees rather than for trusteeships, as is now effectively the case, and to develop a much richer picture of the national body of trustees. In the interim, the Commission should consider whether to introduce weaker matching criteria than those used at the moment to determine if two trusteeships are held by the same person (which requires an exact match on name, address and date of birth).
25. Capture information on the gender of trustees. It is apparent from discussion of the survey findings that diversity is an important policy issue, so information on gender is also important. The most straightforward way would be to request this information in aggregate form in the annual return, but consideration could also be given to capturing it for individual trustees.
26. Introduce a requirement to report on board diversity in the annual return for all charities with an annual income in excess of £500k.

Further research and analysis

Finally, we recommend that steps should be taken to fully exploit this research for the benefit of the sector as a whole:

27. The Charity Commission and the OCS, with the support of voluntary sector umbrella bodies, should commit to providing appropriate direct access to the data developed in this research.
28. The Charity Commission and the OCS, with the support of voluntary sector umbrella bodies, should identify a programme of longitudinal research designed to replicate this research into trustee awareness of their responsibilities. This should be designed to track changes in performance over time, develop trend analysis relating to key indicators and to facilitate the establishment of agreed benchmark statistics.

Appendix 1

Research design and methodology

The research commenced with the development of a detailed review of the contemporary academic and public policy literatures relating to the roles and responsibilities of charity trustees, charity governance, the operation of non-profit boards and previous attempts to construct empirical studies of trustee awareness.*

Focus groups and semi structured elite interviews

Findings from the literature review informed the development of questions for a series of exploratory focus groups and semi structured interviews conducted with senior Charity Commission staff with specific knowledge about trustee awareness gained through direct interaction with charitable trustees and/or the conduct of Charity Commission case-based investigations.

Five focus groups were undertaken in different geographical locations, alongside eight one-to-one semi structured interviews conducted with senior charity commission personnel.

In each case the interactions were recorded, electronically transcribed and analysed against pre-developed codes to verify (or otherwise) key aspects of trustee awareness developed from the literature review.

Interrogation and analysis of the charity commission register

The Charity Commission maintains a comprehensive register of all individual charity trustee roles and has done so since 2011.** New records are generated when organisations apply for registration, and they are updated when charities submit their annual returns or otherwise update their information. The information held on trustees comprises name, address, date of birth and some contact details (phone and/or email address). Date of appointment is also held for new trustee appointments after 2011.

Interrogation and analysis of the database took two distinct forms:

1. empirical analysis of the data held to inform understanding of the contemporary characteristics of trustees and trustee boards
2. analysis and extraction of a random, representative sample frame of trustees (by given email address), stratified by organisation size, to facilitate additional primary research

At the point of extraction there were 948,000 trusteeship legitimate roles recorded on the database.

* See for example:

Saxton J (2016) 'Twenty things we learned from our national trustee survey. NFP Synergy, 9th November 2016. Accessed at: <https://nfpsynergy.net/blog/twenty-things-we-learned-our-national-trustee-survey>.

Cornforth C. Simpson C. (2001) Change and Continuity in the Governance of Nonprofit Organizations in the United Kingdom. The Impact of Organizational Size. Nonprofit Management & Leadership, Vol. 12, No. 4, Summer 2002. Wiley.

Cornforth C (Ed) (2003) The Governance of Public & Non Profit Organisations. What Do Boards Do? Routledge. London. 2003.

** The Charity Governance Code: A Consultation Document. Charity Governance. (2016) Accessed at: http://www.governancecode.org/wpcontent/uploads/2017/02/NC940_good_governance_11.pdf

Note: This is a register of trustee roles not the number of individual trustees that currently exist. One individual might therefore take on multiple trustee roles.

Primary research undertaken with charity trustees

The Trustee Awareness Survey was designed as an on-line survey issued to a random sample of trustees by email. Preliminary analysis of the entire Charity Commission Register of Trustee Roles demonstrated that the characteristics of trustees with usable emails were similar to those of all trustees in terms of the proportions by size of charity and age band (apart from a slight under-representation of the largest charities and of the oldest trustees).

The use of a stratified sampling approach meant that the results of the survey had to be reweighted to reflect the true proportions of trustees by size of charity (as per the Charity Commission database). Unless otherwise noted, all survey analysis presented in this report is based upon reweighted data.

Table 14: Sampling frame and unweighted response rates

Income band (£)	Usable emails (trustees)	Sampling (fraction %)	Sample size	Responses	Response rate
£0 – 10k	72,232	5	3,612	667	18
£10k – 25k	41,591	5	2,080	514	25
£25k – 100k	49,089	5	2,454	660	27
£100k – 500k	48,383	5	2,419	620	26
£500k – 1m	8,637	20	1,727	328	19
£1m – 5m	8,886	20	1,777	476	27
£5m+	4,239	40	1,696	352	21
New	15,607	20	3,121	-	-
Not known	888	20	178	-	-
Total	249,552		19,064	3617	19

Questionnaire development

The survey questionnaire was developed from findings sourced in the literature review and from the results of the focus groups/semi-structured interviews undertaken with Charity Commission personnel.

The draft questionnaire was reviewed by the project's Research Advisory Group. The draft questionnaire was further reviewed by specialist academic staff at the Centre for Charity Effectiveness, Cass Business School. A completed draft of the questionnaire was then pilot tested with a convenience sample of charity trustees (12) from different sizes and types of charity to test for accessibility, understanding and question flow. As a result of these interventions a number of amendments were made to the content of questions, to scale development and to the phraseology employed in the questionnaire.

Survey execution and analysis

The survey was emailed direct from the Charity Commission to some 19,000 trustees on 11 January 2017 and remained open for four weeks. Utilising proprietary software (Vovici), a total of 3,728 responses were received of which, after initial analysis and data cleansing, 3,617 or 19% were suitable for analysis. Once cleaned the data was recoded and transferred to SPSS software for reweighting and to facilitate analysis.

During analysis of the survey results, it became apparent that there are a significant number of 'undetected duplicates' in the Register Plus database of trustee roles, where the same person is listed under two (or more) separate, unlinked records. Such individuals were therefore twice as likely to be selected in the survey sample, resulting in over-sampling of trustees who hold more than one trusteeship. The analysis of the number of trustee roles held by individual trustees has been adjusted to take account of this over-sampling. It does not affect other findings set out in this report.

Most of the results from the survey are expressed in the form of a percentage. The accuracy of these results (in terms of 95% statistical confidence limits) for those results which relate to the whole sample is +/- 1.6% or better. For those estimates which relate to sub-groups of the total, the confidence limits may be wider.

All results from our analysis express percentage figures rounded to the nearest full percentage point.

Appendix 2

Ethnicity: detailed analysis

				Valid %	Cumulative %
Valid	White: English/Welsh/Scottish/ Northern Irish/British	3,116	86.2	87.3	87.3
	White: Irish	40	1.0	1.1	88.4
	White: Other	112	3.1	3.1	91.6
	Mixed: White and Black Caribbean	15	.4	.4	92.0
	Mixed: White and Black African	9	.3	.3	92.2
	Mixed: White and Asian	17	.5	.5	92.7
	Mixed: other	21	.6	.6	93.3
	Asian or Asian British: Indian	39	1.1	1.1	94.4
	Asian or Asian British: Pakistani	32	.9	.9	95.3
	Asian or Asian British: Bangladeshi	13	.4	.4	95.7
	Asian or Asian British: Chinese	8	.2	.2	95.9
	Asian or Asian British: Other	28	.8	.8	96.7
	Black or Black British: African	84	2.3	2.4	99.0
	Black or Black British: Caribbean	15	.4	.4	99.4
	Other ethnic group: Other	21	.4	.4	100.0
	Total	3,569	98.7	100.0	
Missing	System	48	1.3		
Total		3,617	100.0		

Note: These are the reweighted results for those respondents who answered the question on ethnicity. The very small numbers for most ethnicities means that there is a wide margin of uncertainty in those cases.

Appendix 3

Term of reference

1. The Trustee Awareness Research project (the **'Project'**) is intended to deliver:
 - An analysis and assessment of current levels of trustee awareness of their duties and responsibilities, to provide evidence that supports the case for change and to provide a baseline from which the impact of any initiative to target and increase trustee awareness may be measured.
 - An analysis of the current state of charity trusteeship to inform understanding of the wider context: who are trustees? Are they appropriately skilled? Are they sufficiently aware of their duties? Are current expectations of current legal requirements, operational responsibilities, and regulatory, moral and cultural expectations realistic and appropriate?
 - A baseline for a possible future longitudinal study, to measure the change and impact on trustees interventions and overall trustee understanding of their role and responsibilities.
 - Intelligence on the sources of support for trustees in carrying out their responsibilities to the required standard and the levels of take-up of that support. This will enable improved 'mapping' of support for trustees and boards through identifying of gaps in provision and highlighting awareness or lack thereof of existing support.³²

Appendix 4

Research Project Governance Trustee Awareness Steering Group

Charity Commission	Paula Sussex	Chief Executive
	Sarah Atkinson	Director of Policy and Communications
Office for Civil Society, Department for Culture Media and Sport	Thomas Leftwich	Head of Sector Sustainability Projects
Centre for Charity Effectiveness, Cass Business School	Denise Fellows	Representative (to April 2017)
	Alex Skales	Representative (from April 2017)
The Cranfield Trust	Amanda Tincknell CBE	Chief Executive
	Sue Davidson	Representative
The Worshipful Company of Management Consultants	Dr. Bob Harris	Representative
Staff:		
Charity Commission	Alex O'Donoghue	Project Manager Head of Corporate Office/Board Secretary
Cass Business School	Professor Stephen Lee	
	Silvana Pesenti	

Research Advisory Group

Sarah Atkinson (Chair)	Director Policy and Communications	Charity Commission
Paula Sussex	Chief Executive	Charity Commission
Thomas Leftwich	Head of Sector Sustainability Projects	
Denise Fellows	Chief Executive (to April 2016)	Cass CCE
	Chief Executive	Honorary Treasurers Forum
Alex Skales	Chief Executive (from April 2016)	Cass CCE
Amanda Tincknell CBE	Chief Executive	The Cranfield Trust
Sue Davidson	Representative	The Cranfield trust
Dr. Bob Harris	Representative	Management Consultants (Worshipful Company)
Rosalind Oakley	Executive Director	Association of Chairs
Professor Chris Cornforth	Representative	Association of Chairs
Nick Ockenden	Head of Research	NCVO
Dan Francis	Governance Consultant	NCVO
Janet Thorne	Chief Executive Officer	Reach
Pauline Broomhead	Chief Executive Officer	The Foundation for Social Improvement
Iona Joy	Head of Charities Unit	New Philanthropy Capital
Leila Baker	Head of Research	IVAR
Gillian McKay	Head of Charity and Voluntary Sector	ICAEW

Appendix 5

Derivation of recommendations from conclusions

Conclusions	Recommendations
Size matters	
<ul style="list-style-type: none"> • The vast majority of charities are very small • The vast majority of trustees reside within these very small charities • Small charities have few staff or volunteers to support them in meeting their responsibilities and in delivering the activities of the charity • Trustees in small charities face different challenges to trustees in larger organisations 	<ul style="list-style-type: none"> • A single, ‘one stop’ approach advising and guiding trustees on their duties and responsibilities is unlikely to be effective • A differentiated and nuanced approach (targeted by size of organisation) involving the coordinated response of a variety of different providers is necessary if it is to prove effective • Guidance and support to trustees in smaller charities will need to be tailored, accessible and easy to implement without significant recourse to the internal resources of the charity
Trustee recruitment and diversity	
<ul style="list-style-type: none"> • Trustees lack diversity by age, gender, socio-economic standing and by ethnicity • They are drawn from a very narrow cross section of those that they serve or represent and from society as a whole • Demand and supply of new trustees appears balanced. Lack of payment of trustees does not appear to impact willingness to serve as a trustee • Recruitment processes are informal and largely closed. This can only further contribute to the narrowness in diversity achieved in trustee boards, to self-replication in their membership and to an inward perhaps even myopic approach to their role 	<ul style="list-style-type: none"> • Charity Commission should capture additional information on charity trustees • More work needs to be done (through the medium of a proposed campaign) to encourage trustee boards (and particularly their chairs) to actively embrace different people, new ideas, skills and experience to trustee boards • The diversity deficit in both demographics and in the representation of specific skills amongst trustees should be addressed jointly by government, the Charity Commission and voluntary sector umbrella bodies • As part of such a campaign local providers (i.e. CVSS, volunteer centres and community foundations) should be encouraged and resourced to tailor provision accordingly to smaller charities • Professional advisors have an important role to play in promoting diversity at board level

Conclusions	Recommendations
Trustees' perceptions of their role/the value of trusteeship	
<ul style="list-style-type: none"> • Trustees are motivated by philanthropic considerations • They find being a trustee to be a highly rewarding experience • They enjoy good relations with fellow trustees • We estimate the contribution that trustees make to society at £3.5 billion per annum 	<ul style="list-style-type: none"> • Government, working in collaboration with the Charity Commission and voluntary sector umbrella bodies should support the establishment of a campaign to raise awareness of the benefits associated with trusteeship • Government might play its part in resourcing such a campaign through matched funding achieved from within the voluntary sector (GMFs and Livery Companies) and from CSR support from the commercial sector • Charity Commission sources of advice and support to trustees are held in high regard. The Commission should use its leadership and convening experience to provide a visible focus for such a campaign • The campaign should target the recruitment of more trustees and more trustees from more diverse sections of society • The campaign should reinforce awareness of the legal responsibilities of trustees and (to charities) the benefits of appropriate trustee induction and development • This could be further enhanced through the development of trustee guidance, support and training templates, customised by size of charity • Local providers (CVSs, volunteer centres, community foundations, livery companies etc.) should be encouraged and resourced to act as focal points for smaller charity trustee recruitment. • National and regional registers of trustee appointments should be established and publicised widely • National and local providers should be identified to act as a 'clearing house' – maintaining and advertising trustee vacancies and a listing of prospective trustees • Umbrella bodies representing key skill sets (i.e. IOF, AoC NACVA) should contribute specialist knowledge and advice to the campaign • Professional bodies and professional advisors should be utilised in supporting and delivering the campaign • A requirement to report on board diversity should be included in the annual return for all charities with an annual income in excess of £500k

Conclusions	Recommendations
The skills represented by trustees at board level	
<ul style="list-style-type: none"> • Higher skill levels were reported for finance skills, governance and skills directly supporting the delivery of services to beneficiaries • Low skill levels were reported regarding legal skills, digital, fundraising, marketing and campaigning skills • There are a lack of trustee skills reported associated with the detection and protection against fraud and the threat from cyber-attack. This is particularly marked in small charities • In larger charities there was a marked lack of representation of volunteer management skills amongst trustees • Whilst the broad trends reported across all trustees remain applicable within organisations of different size, there are important variations across size bands • More significantly, in terms of a skills deficit, both the challenges that trustees face and the resources open to them to meet those challenges vary enormously by size band of charity • A nationally imposed, one stop solution will not be likely to prove effective in addressing deficits in trustee skills • A blended approach involving the participation of a variety of different types of provider operating at both national, regional and local levels is likely to prove more effective • Coordination and consistency of content and quality must be married with a pluralistic and nuanced approach 	<ul style="list-style-type: none"> • Government should support the development, by the charity sector, of a more granular audit of trustee skill deficiencies and support needs taking account of the varying demands of different types of sub-sector services delivered; the size and reach of charities; and the internal resources available to them • This should properly include and involve the participation of a wide range of different types of advice, support and training providers • There is an important potential convening and leadership role in this respect to be played by the Charity Commission • There is an important coordinating role to be played in this respect by voluntary umbrella bodies operating at both national and local levels • Relevant national professional bodies (i.e. ACEVO, ICAEW, NACVA, CIPD, IOF, CFG) should commit to participation in such a review • Given the important internal role of the chair and the Treasurer on trustee boards (both directly and as gatekeepers to advice, support and resource allocation), specific audit and remedial measures might be developed by the Association of Chairs and the Honorary Treasurers Forum • Such a review might also give consideration to the future coordination of the consistency of content (i.e. curriculum development) delivered by different providers across different specialisms and with different anticipated reach • Such a review might give consideration to the development on new forms of service delivery, notably those incorporating digital technology (i.e. App development, MOOCs) and to new opportunities to advertise and signpost alternative routes to provision

Conclusions	Recommendations
Sources of information, advice and support to trustees	
<ul style="list-style-type: none"> Trustees rely heavily on fellow trustees and the chair of the charity as their principal sources of advice and support This is common across all sizes of charity, but more marked in smaller charities Whilst the Charity Commission is recognised as an important source of advice and support by charity trustees in all sizes of charity (website and publications), there is little appreciation amongst trustees of the provision offered by voluntary sector umbrella bodies and other external providers Whilst charity trustees appear comfortable accessing information and advice through digital channels (i.e. Charity Commission website) there appears to be only a low take up of this by the charities themselves Overall, there appears to be little appreciation for new approaches to information advice, support and training provision for charity trustees that utilises digital technology. This is despite the fact that this has been proven to be highly effective in other consumer contexts in penetrating mass markets in a targeted and impactful manner There is a markedly low incidence of training provision in this respect across all sizes of charity (internally or externally provided), but especially within smaller charities Sources of advice and support most commonly identified as utilised by charity trustees might consequently be characterised as narrow, internal, inward looking and informal This casts concern over the quality of advice received by charity trustees and the extent to which it is properly independent, verified, and authoritative nature. In areas of high technical specification there are also concerns as to its correctness 	<ul style="list-style-type: none"> Government should encourage and support the development of new channels of support and advice to trustees made available through technical innovation by both existing and emergent providers Such an initiative would focus both on the further development of known established provision, but also on the application of less formal types of provision made possible and more effective by the application of new technology (i.e. virtual coaching and mentoring, peer support networks, skill specific apps, online training) Government might promote (by its own actions and through others) the involvement of the voluntary sector itself in this process (i.e. via Foundations, NESTA, Big Society Capital) and through the involvement of private sector technology companies via their commitment to CSR Consideration should be given in this respect to the development and implementation of a digital strategy potentially leading to the development of an independent trustee web portal offering a focal point for information, advice, skills delivery and signposting for charity trustees Given their unique position, the Charity Commission might use its convening powers to bring together relevant potential partners (i.e. voluntary sector umbrella bodies, professional associations, commercial providers), to support the initial resourcing, design, structure and content of such a web portal, including the development of a detailed business plan and operational model designed to deliver self-sustainability over the medium term

(Continued over)

Conclusions	Recommendations
Sources of information, advice and support to trustees (continued)	
<ul style="list-style-type: none">• These concerns are further compounded by the reported informal and closed nature of much charity trustee recruitment and the lack of formal induction for trustees as part of that process• There is a concern that advice given to charity trustees might in some instances be inaccurate, inappropriate or prejudiced toward one or other personalised point of view	<ul style="list-style-type: none">• The Charity Commission should review both the structure (channel management), the style and the content of its advice and support offered to charity trustees to maximise the accessibility of that advice by trustees, and to ensure their ease of understanding of it. Specifically it should review both its newsletter to charity trustees and its website in this respect• Professional bodies should encourage and support professional advisors in the development of customised advice and support to trustees both directly and through the development of coordinated specialism specific information and advice campaigns. Trustees Week, Remember a Charity and Will Aid provide good exemplars capable of translation to other functional specialisms

Appendix 6

Glossary of terms and acronyms used

Annual accounts	Annual accounts preparation: all charities (whether registered with the charity commission or not) must prepare accounts and make them available on request. The precise detail and form of these accounts varies by the size of the charity. All registered charities with a gross income in the financial year exceeding £25,000 must file their annual accounts with the charity commission. ³³
ACEVO	Association of Chief Executives of Voluntary Organisations. Professional Association for Charity Leaders.
Apps	An application, typically a small, specialized software program downloaded onto mobile devices.
Annual report	Trustees' annual reports preparation: all registered charities must prepare a trustees' annual report and make it available on request. All registered charities with a gross income in the financial year exceeding £25,000 must file their annual report with the charity commission.
Annual return	Annual return form: all charitable incorporated organisations irrespective of their gross income in the financial year and all other registered charities whose gross income in the financial year exceeds £10,000 must complete and file an annual return with the commission. Registered charities with a gross income of less than £10,000 in the financial year are asked to complete the annual return for certain items.
AoC	Association of Chairs: an independent association of chairs of social purpose and not-for-profit organisations formed in order to help chairs with their unique task: leading the board in delivering the organisation's aims.
Board(s)	Term used in the report to refer to the board, committee or other trustee governing body of the charity.
Cass CCE	The Centre for Charity Effectiveness at Cass Business School, City, University of London: the leading nonprofit and philanthropy centre in the UK. A member of the Trustee Awareness Collaborative.
CEO	Chief Executive Officer of the Charity.
Charity Commission	Charity Commission For England And Wales: registers and regulates charities in England and Wales, to ensure that the public can support charities with confidence. A member of the Trustee Awareness Collaborative.
CFG	Charity Finance Group: a voluntary sector umbrella body whose members are Charity Finance Directors.
Charity trustees	Trustees of charities held on the Register of Trustee Roles (Register Plus) maintained by the charity commission, as at January 2017.
CIPD	Chartered Institute of Personnel and Development: a professional association for human resource management professionals.
Cross tabulation	A type of statistical table in a matrix format that displays the multiple frequency distribution of more than one factor (or variable).
Code of governance	Good Governance: a Code for the Voluntary and Community Sector. A code of governance written for voluntary and community organisations. Jointly owned by NCVO, ACEVO, SCC, ICSA & WCVA. Supported by the charity commission.
Community foundations	A national network of grant-making organisations dedicated to working locally and inspiring people to give. Helps people and organisations to invest in local communities.

CVSs	Councils for Voluntary Service: locally based organisations providing support, advice and training in relation to all aspects of charity, community and voluntary activity.
Diversity	the inclusion of individuals representing more than one national origin, colour, religion, socioeconomic stratum, age group, sexual orientation, etc.
GOV.UK	Generic web address for the websites of all government departments including that of the charity commission and many other agencies and public bodies that have been merged into GOV.UK.
Governance	Governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered. (Institute of Governance definition.)
Honorary Treasurers Forum	The Forum was created to help Honorary Treasurers in the important work they carry out.
ICAEW	Institute of Chartered Accountants for England and Wales: professional membership organisation that promotes, develops and supports over 147,000 chartered accountants worldwide.
ICSA	ICSA: The Governance Institute is the professional body for governance.
IOF	The Institute of Fundraising: is the professional membership body for UK fundraising.
IVAR	Institute for Voluntary Action Research: an independent charity that works closely with people and organisations striving for social change.
Longitudinal research	Research method in which data is gathered for the same subjects repeatedly over a period of time.
MOOCs	A massive open online course (MOOC) is an online course aimed at unlimited participation and open access via the web.
Methodology	A system of methods used in a particular area of study or activity.
NAVCA	National Association for Voluntary and Community Action: the national membership charity for local voluntary sector infrastructure – the people who help others set up and run charities and community groups.
NCVO	The National Council for Voluntary Organisations: national umbrella body connecting, representing and supporting voluntary organisations.
OCS	The Office for Civil Society: Located within the Department for Culture Media and Sport (DCMS) OCS promotes cross-government work in support of the voluntary, community and social enterprise sector.
PTAs	Parent Teacher Associations: Typically, members of a PTA are all parents and teachers at the school. Inclusion is automatic.
Professional advisors	Lawyers, accountants, management consultants etc. who provide specialist professional advice to charity trustees.
Professional bodies	Institutes, associations and membership organisations representing professional advisors, staff (various functions) trustees and volunteers associated with charities.
Population sample	A set of data collected and/or selected from a identified total population by a defined procedure.
Remember a Charity	Every September, over 160 charities join forces to hold the annual Remember A Charity Week. The awareness week aims to raise the profile of legacy giving and encourage the public to consider leaving a gift in their Will.
Register of trustee roles	Register of trustees of charities (Register Plus) maintained by the charity commission, as at January 2017.

RAG	Research Advisory Group: Panel of experts assembled to support the development of this research. See Appendix 3 for membership.
Safeguarding skills	Development and application of professional skills in recognising and responding if harm is suspected or disclosed with staff, clients, beneficiaries and volunteers.
SPSS	Statistical Package for the Social Sciences: specialist computer software package for data analysis.
Stratified sample	A sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata.
The Cranfield Trust	An independent registered charity providing free business skills to help charities succeed. A member of the Trustee Awareness Collaborative.
Trustee(s)	Trustees of charities held on the Register of Trustee Roles (Register Plus) maintained by the charity commission, as at January 2017.
Trustee survey	Survey undertaken by the research team of a randomly selected, stratified sample of trustees (c.19,000 individuals) extracted from the Register of Trustee Roles, January 2017.
Trustees Week	Trustees' Week is an annual event to showcase the great work that trustees do and highlight opportunities for people from all walks of life to get involved and make a difference.
Vovici	Specialist computer software package used to implement the trustee survey and capture data responses.
Will Aid	Will Aid is a partnership between the legal profession and nine UK charities. Every November, participating solicitors waive their fee for writing a basic Will.
WCoMC	Worshipful Company of Management Consultants: Livery company with an independent charitable fund providing both financial support and pro bono consultancy support to the trustee awareness project.
WCVA	Welsh National Council for Voluntary Action: WCVA is the national membership organisation for the third sector in Wales.

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The Charity Commission

PO Box 211
Bootle
L20 7YX
www.charitycommission.gov.uk

Cass Business School

106 Bunhill Row
London
EC1Y 8TZ
www.cass.city.ac.uk

Worshipful Company of Management Consultants

Skinners' Hall
8 Dowgate Hill
London
EC4R 2SP
wcomc.org