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Charity trustee boards need to show strong leadership

Charity boards need to provide strong leadership and support to help charities survive the economic downturn and public sector cuts. A new report by charity consultancy and think tank, New Philanthropy Capital, highlights the importance of an effective board and calls on government to encourage more people to become trustees as part of the 'Big Society'.

The report, *Trusteeship 2010*, looks at governance in the voluntary sector and finds that recruitment, training and evaluation of boards are under-resourced and need to be given a higher priority by charities, funders and government.

According to Ken Olisa, award-winning chair of homelessness charity Thames Reach, the role of a trustee is as central to a charity's success as a director is to a business, especially in difficult times.

'The danger is not so much that cuts are coming but that they will be stupidly implemented and charities will respond with knee jerk actions. Rather than making cuts across an organisation, it is important that trustee boards prioritise services, looking at which have the biggest return on investment and are most effective. This means boards will have to be more hands on and closer to the executive action until things settle down.'

NPC believes that the recession and the demands on charities' services have made it even more crucial that charities find the right people with the right mix of skills to build an effective board.

Tesse Akpeki, an OnBoard governance consultant who has worked with many charities, believes that the problems in the City lay not necessarily in structures or non compliance, but in poor boardroom behaviour, and poor board dynamics are sometimes evident in the charitable sector too:

'Some trustees, if they have been very senior in other organisations, have a tendency to want to run the board resulting in personality and ego clashes which can be extremely damaging to the charity. When trustees are only meeting four times a year, it's hard for them to build trust and good relationships. They need to be in touch with what the charity is doing and get involved with the work between meetings. This will increase their understanding and engagement.'

Although there are over 800,000 charity trustees in England and Wales, estimates suggest that about half of boards have a vacancy at any one time. There is also limited diversity: according to the Charity Commission, nearly half of all trustees are aged 60 or over and less than 1% are under 25. Many people are simply unaware that they can support charities by becoming trustees, or assume that they don't have the time or experience.

'The Government's vision of the Big Society is all about social action—people volunteering their time and skills to support their communities,' says Clare Yeowart, author of the report. *'We would like to see government and employers taking concrete steps to encourage more people to become trustees. They could give employees paid time off work for volunteering and help them find suitable trustee roles. Being an effective trustee could also be incorporated into personal development plans and appraisal processes.'*

The report concludes that charities and those they support are going to be hard hit by public spending cuts. So it is more important than ever that charities receive the support they need from their trustees, and that boards are as effective as possible.

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For further information, or to arrange an interview with the author of the report please contact Gemma Davidson (PR Manager) on gddavidson@philanthropycapital.org, or Esther Paterson (PR Executive) on epaterson@philanthropycapital.org or +44 (0)207 785 6300. www.philanthropycapital.org.

Notes to Editors:

1. New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact. We provide independent research, tools and advice for both charities and funders in the UK and internationally. We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in changing people's lives and in tackling social problems. For charities, this means measuring the results of their work and using evidence to learn and improve, as well as to attract support. For funders, it means using evidence of charities' results to make funding decisions and to measure their own impact. For further information, see www.philanthropycapital.org

2. NPC seminars for trustees. In May-July 2010 NPC held three seminars for charity trustees. In total, they were attended by over 80 people who have experience of being or working with trustees.

3. NPC's *Board matters* report. In May 2009, NPC published *Board matters*, a review of charity trusteeship in the UK. This report questioned the strength of trustee boards in the charity sector and argued that recruitment, training and evaluation of board members is frequently neglected because charities and funders do not prioritise governance. The full report can be downloaded from [NPC's website](http://www.philanthropycapital.org).

4. Overview of the voluntary sector. The UK's voluntary sector consists of 171,000 charities and has an income of over £35bn, managing assets of nearly £100bn. It employs over 660,000 people, according to the National Council for Voluntary Organisations.

5. Case studies (please contact NPC with any interview requests)

Thames Reach is one of London largest charities working with homeless people. It focuses on helping rough sleepers and homeless people who have additional problems, such as drug and alcohol addiction. Thames Reach stands out among the charities NPC has analysed for its commitment to good governance. Its award-winning chair, Ken Olisa has a corporate background (he is a founder of a technology merchant bank and sits on the boards of two FTSE 100 companies) and he works closely with the charity's energetic chief executive, Jeremy Swain. As chair, Olisa is passionate about ensuring that the charity has the right governance

systems in place so that the staff can achieve the most for the homeless people they help. As he puts it, *'Governance is my Mastermind topic'*.

Beat. When Susan Ringwood became Chief Executive at **Beat**, the leading national charity for people affected by eating disorders, it became clear that in order to face the challenges ahead and grow the organisation there would need to be changes on the trustee board. Although fully supported by her trustees Susan says it was not always easy: *'When you are letting people go who have been trustees for a long time and in some cases were even involved in setting up the charity then you have to be very respectful. These people have often given their hearts and put their lives on hold so you have to tread very carefully. I have seen some shocking examples of it being done badly.'* Susan believes the changes have helped Beat become a stronger organisation: *'We now have a board that is energetic and engaged and they help me drive the organisation forward. They often challenge me and act as a critical friend. We have stayed true to the core purpose of the organisation but we are stronger as a result of this process and our trustees have helped the organisation develop and move forward.'*

Carol Lake, Head of Corporate Responsibility, EMEA, for the investment bank JP Morgan, says being a trustee has helped her improve her own skills. *'Being a trustee gave me a new perspective. I was able to apply my skills, but I was also able to refine them and develop new ones. I learnt more about what it takes to be a good chair from one chairman that I served under as a trustee than from anything I have directly experienced elsewhere in my career. Interestingly, that particular chairman came from the theatre world.'*

'Of course, it hasn't always been plain sailing. It can take more time that you bargain for and the view from the engine room can be quite different from the outside—not necessarily in a negative way, but enough to reinforce the good sense of undertaking thorough due diligence before agreeing to be a trustee. Finding out about a charity's financial situation is one thing, but I quickly learnt the importance of finding out about the people too—the chair, fellow trustees, executive team and other important figures. If it's an active board you'll be working closely with them and it helps if you get along.'

Emilie Goodall, 28, is one of a new breed of young trustees. She is a trustee of the Lucy Faithfull Foundation, a child protection charity.

6. Trusteeship 2010 has been funded by **The Clothworkers' Company**. The Company was originally established to promote and control the craft of clothworking within the City of London, including providing financial assistance to its members in times of need. The charitable function of the Company has grown over the centuries and its major function now lies in supporting a broad range of charitable causes from education to poverty relief, the majority of which is carried out through its independent charitable arm, the Clothworkers' Foundation.