

Taken on Trust. The awareness and effectiveness of charity trustees

Honorary Treasurers Forum
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Worshipful Company of Management Consultants



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Background to the Trustee Survey

Concerns in the sector and in government:

- Lack of trustee awareness of roles and responsibilities
- Challenges re trustee recruitment, competencies and diversity
- High profile cases demonstrating failure in governance, which has contributed to a reduction in public trust and confidence in charities

A programme of research was established:

- National Trustee Survey
- Analyses of Charity Commission administrative data
- Interviews and focus groups within Charity Commission
- Review of case work within Charity Commission

Trustee Survey – the details

- Questionnaire based on literature review and CC interviews
- Emailed to 19,000 trustees for on-line response
- Random sample stratified by size of charity
- Over 3,600 valid responses - response rate 19%

Key characteristics of trustees

Previous estimate was that there are 850,000 individual trustees - holding 950,000 trusteeship positions – and also a general view in the sector that women were at least equally represented.

- Our estimate is that there are 700,000 individual trustees – with each individual holding an average of 1.35 trusteeship positions.
- We also found that male trustees outnumber female trustees by a factor of two to one.

The General Characteristics of Trustees

| | | |
|---|---|--------------------|
| Gender | Male 64% | Female 36% |
| Ethnicity | White 92% | |
| Average age | 60-62 years | |
| Employment | Retired 51% | Full/Part time 44% |
| Education | Postgrad 30% | Prof. Qual. 60% |
| Household Income | 75% are above the national median | |
| Average no. of trusteeships held | Each trustee is on 1.35 Boards on average | |

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Governance and operations

Advice and guidance to charities generally makes a distinction between the governance responsibilities of trustees and the operational responsibilities of staff.

While this is appropriate for large charities, over 80% of charities have no staff at all and most do not report any volunteers. In practice, trustees in the vast majority of charities undertake both operational and governance tasks.

What are the implications for Treasurers who are dealing with income and payments, book keeping, budgeting, management accounting etc as well as their Trustee governance role?

Number of Trustees and Employees by size

| Income band - £ | No. charities | No. trustees | No. employees |
|-----------------|----------------|---------------|------------------|
| £0 – 10k | 77,000 | 344,000 | 3,400 |
| £10k – 100k | 57,000 | 327,000 | 31,000 |
| £100k – 500k | 22,000 | 177,000 | 72,000 |
| £500k – 5m | 9,000 | 75,000 | 304,000 |
| Over £5m | 2,000 | 25,000 | 666,000 |
| Total | 166,000 | 949,00 | 1,077,000 |

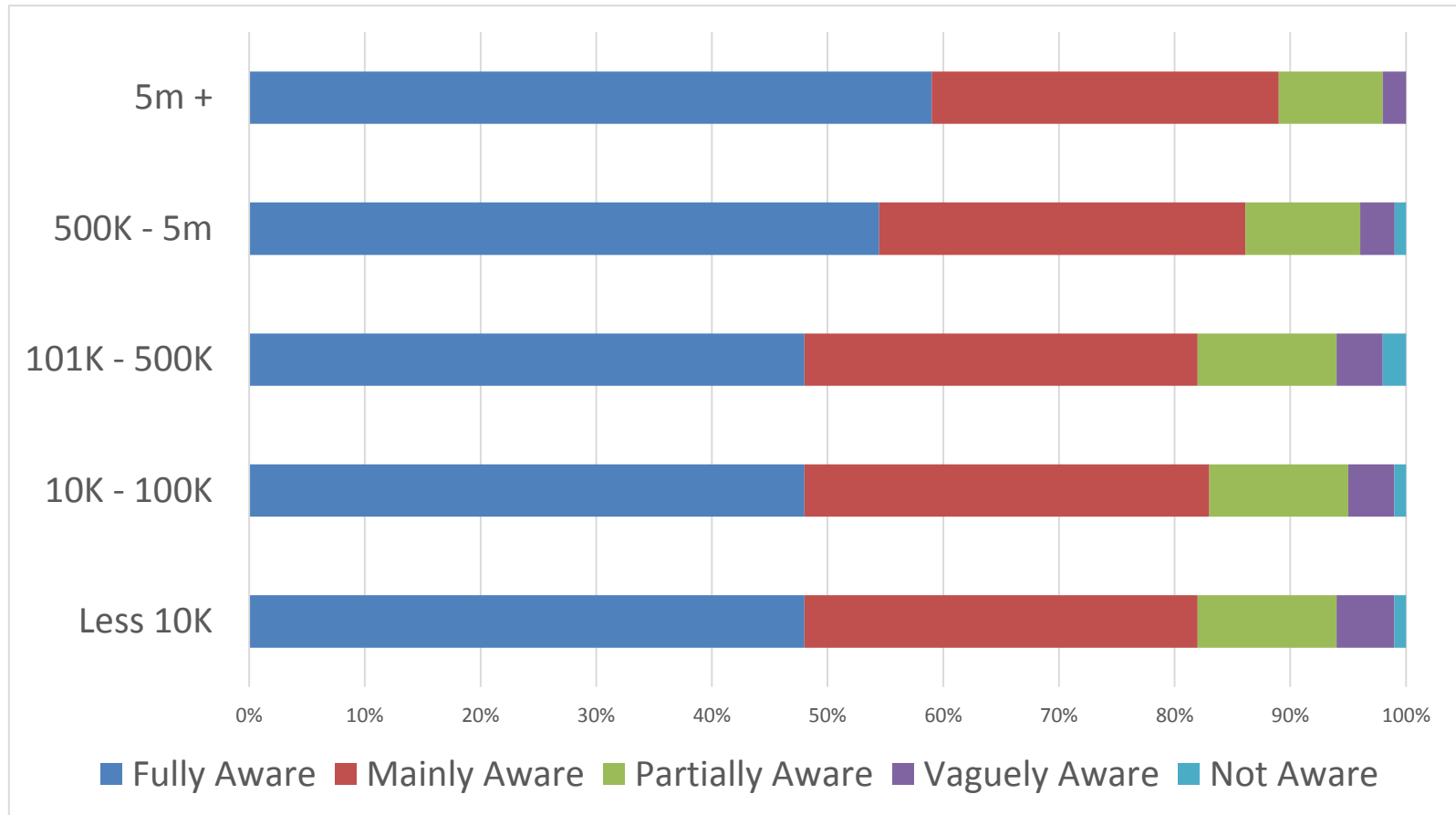
In 80% of charities trustees play both a governance and an executive role – they have no staff.

Awareness of legal responsibilities

One of the drivers for the survey was previous research that indicated that many trustees were not aware that they were trustees, and that many were unclear about their legal responsibilities.

The survey found that over 85% of trustees reported that they were fully or mainly aware of their responsibilities when they were appointed, and this increased to 90% being fully or mainly aware of their legal responsibilities as a Board member.

Trustees perception of their awareness of their legal responsibilities at the point of recruitment



Awareness of specific legal responsibilities

However, Treasurers and other trustees had differing views and were less accurate in specifying the correct legal responsibility for specific actions:

| | <u>Treasurers</u> | <u>Other Trustees</u> |
|---|-------------------|-----------------------|
| Submission of Annual Report - Treasurer is responsible | 53% | 9% |
| Submission of Annual Accounts - Treasurer is responsible | 77% | 38% |

Does this finding matter?

Recruitment of trustees

There has been widespread discussion in the sector media about the difficulty in recruiting sufficient trustees, and those with the right skills and experience.

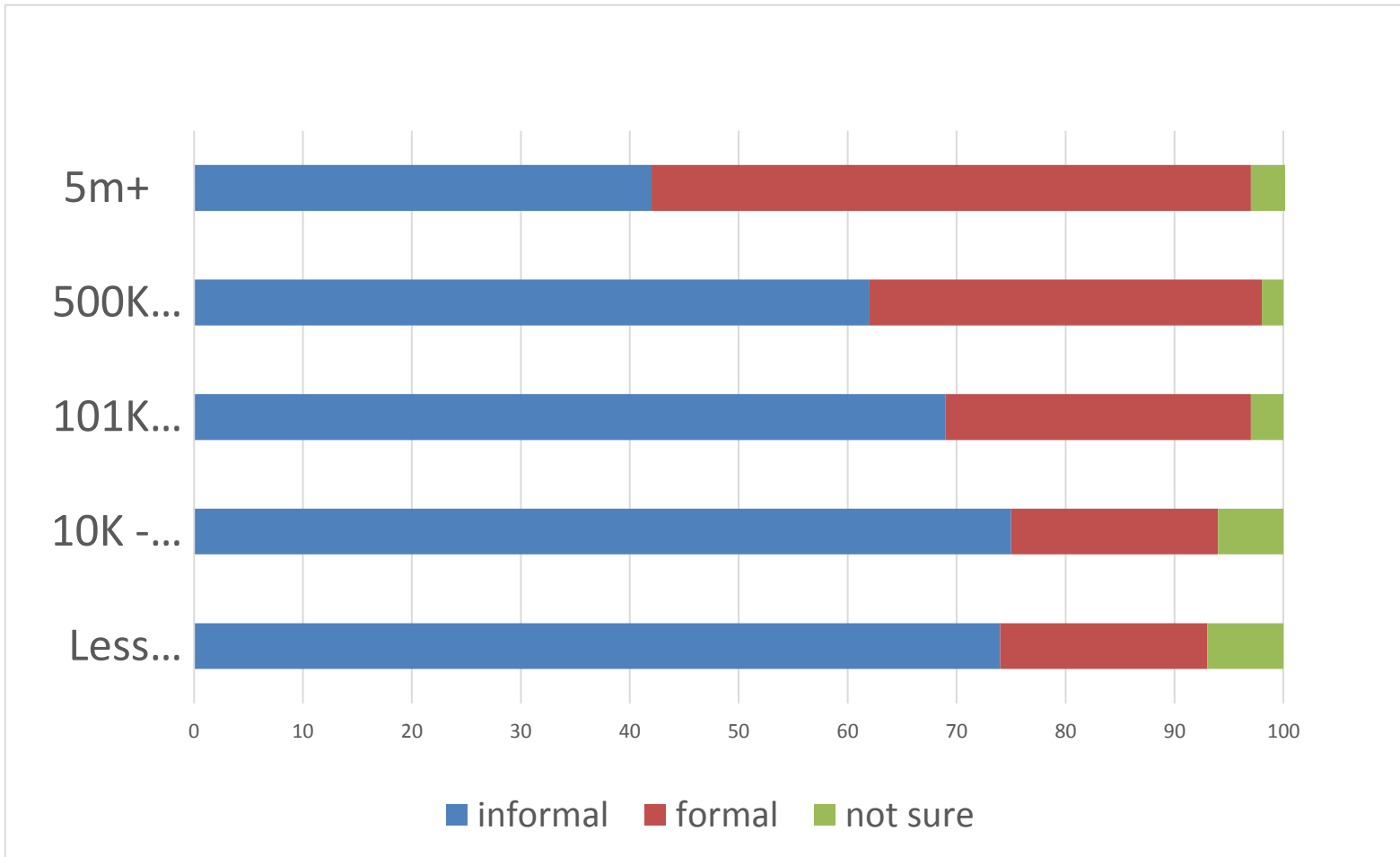
The survey found that the number of new trusteeships is roughly in balance with the number of completed trusteeships at c150,000 per annum, which represents an average tenure of six years. However, there remain some challenges in recruiting trustees with certain skills and experience.

We also found that the process of recruitment is largely informal – but to what extent is this a problem?

Length of Service of Trustees

| Length of service | £0 - £10k | £10k - £100k | £100k - £500k | £500k - £5m | £5m+ | Total |
|-------------------|-----------|--------------|---------------|-------------|------|-------|
| < 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% |
| > 5 years | 58% | 46% | 42% | 39% | 37% | 47% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

Process of Recruitment

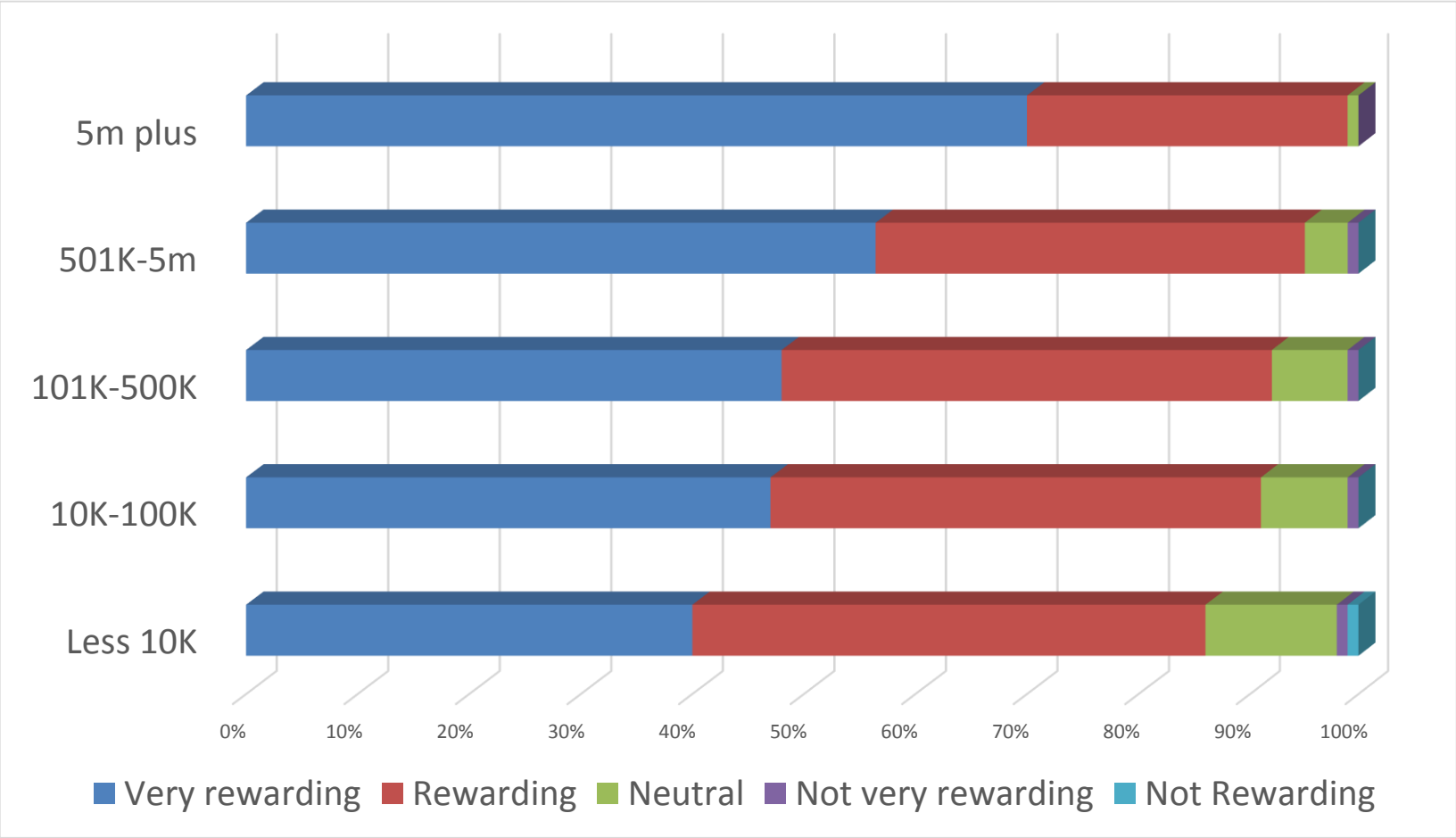


Time demands on trustees

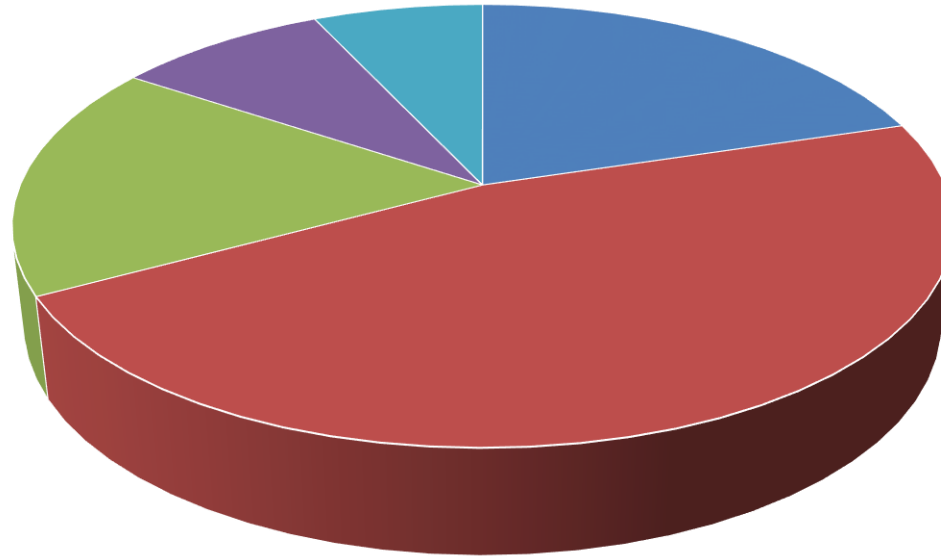
A further concern often expressed is that the time required and the responsibilities placed on trustees inhibit people from taking on the role. We found that:

- Some 94% of trustees said that their role was important or very important, and over 90% said that it was rewarding or very rewarding
- The total value of the time spent by trustees on their trustee duties is £3.5 billion per annum

How personally rewarding is being a Trustee?

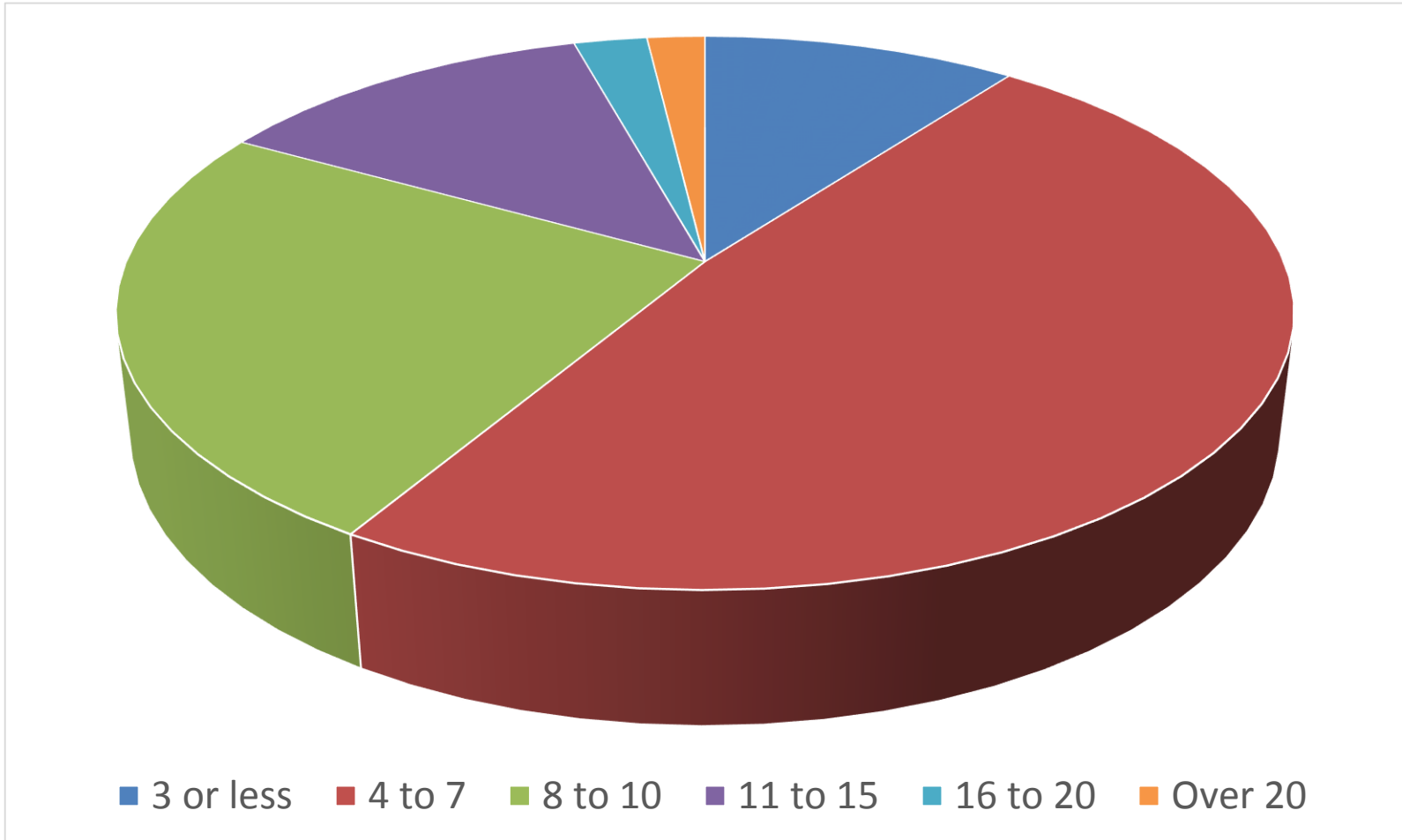


Time spent on Trustee duties

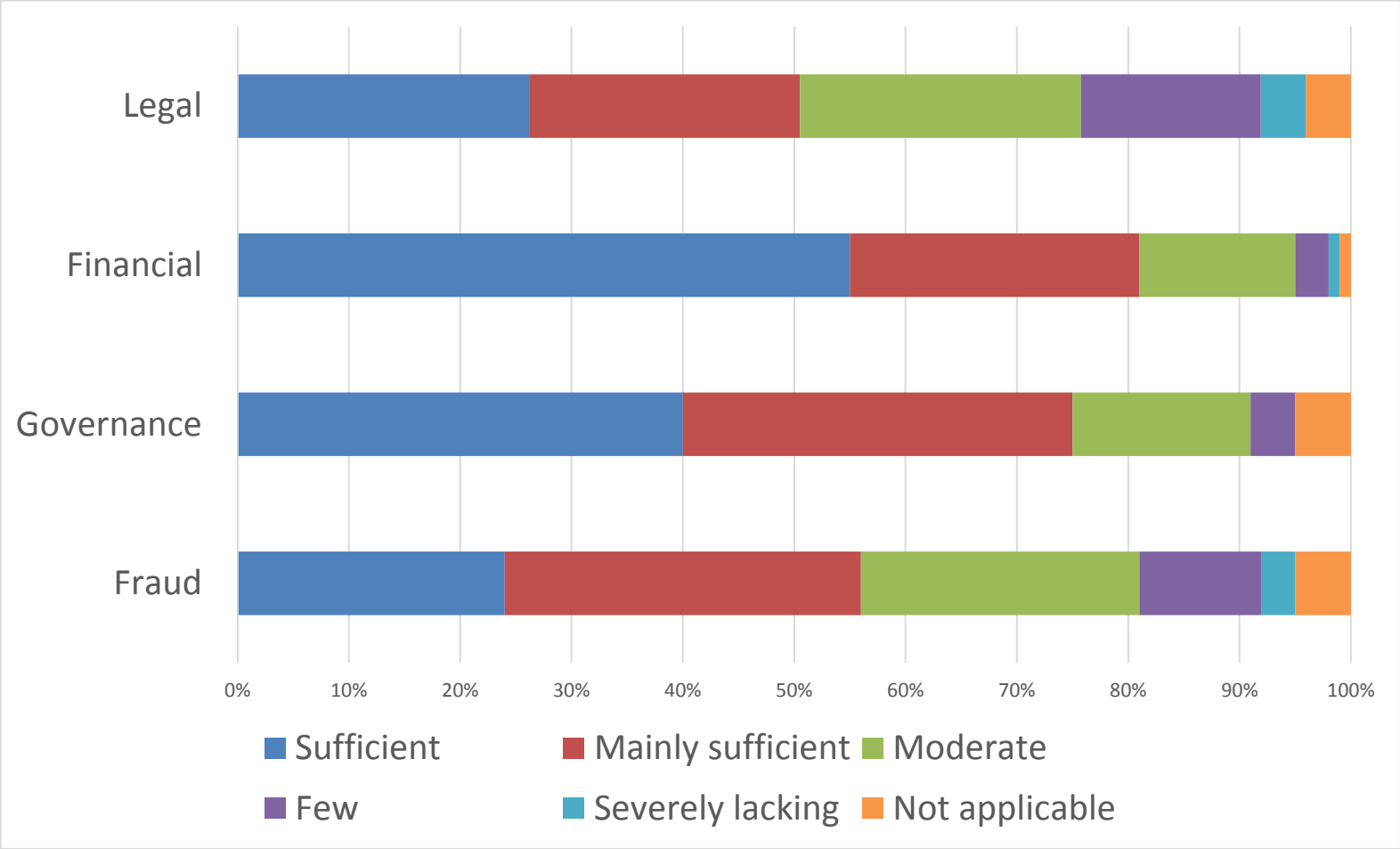


- Less than 1 Hr per week
- 1 - 4 hrs per week
- 5 - 8hrs per week
- 9 - 16hrs per week
- More than 16hrs per week

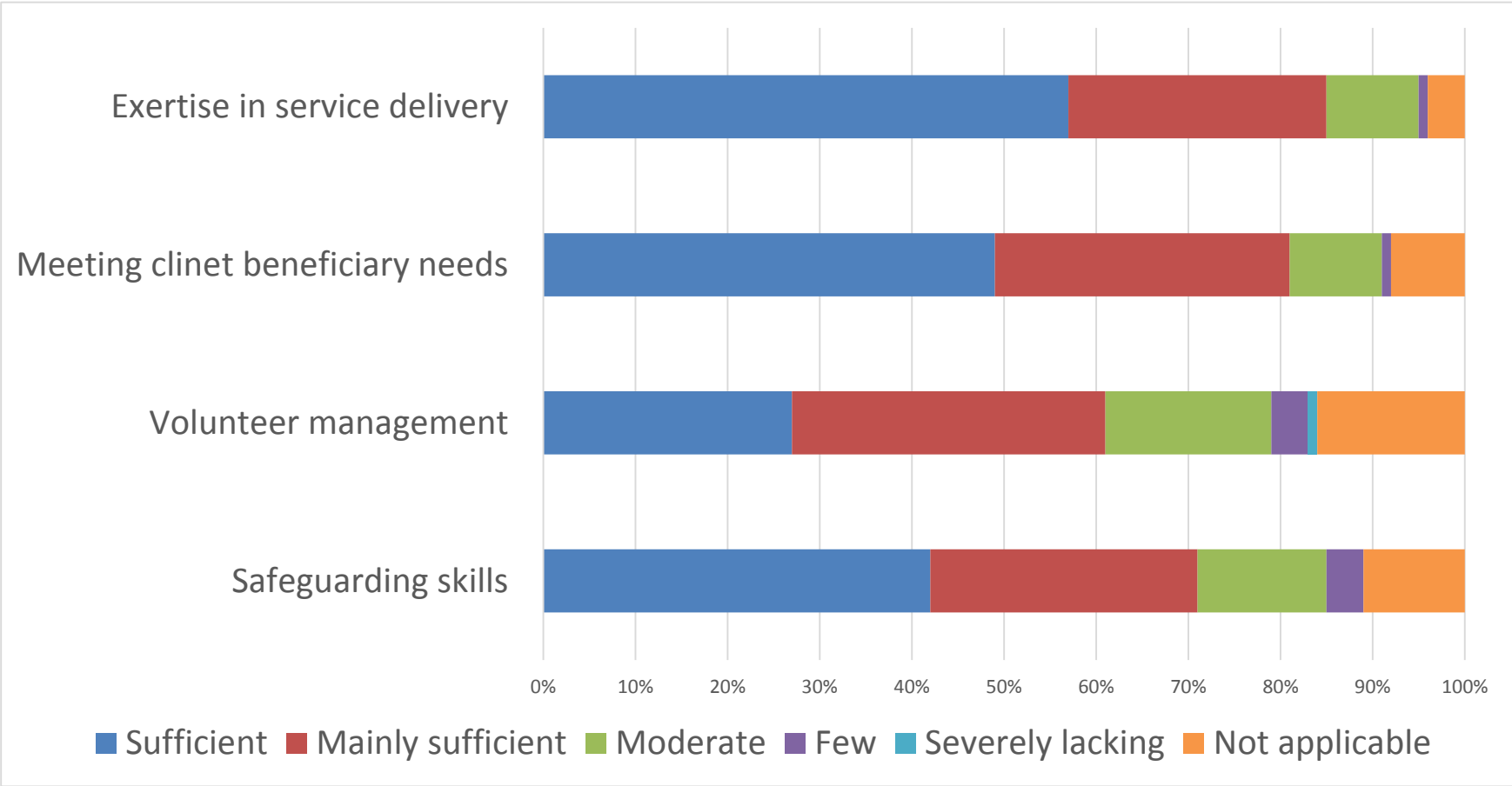
Size of Trustee Boards



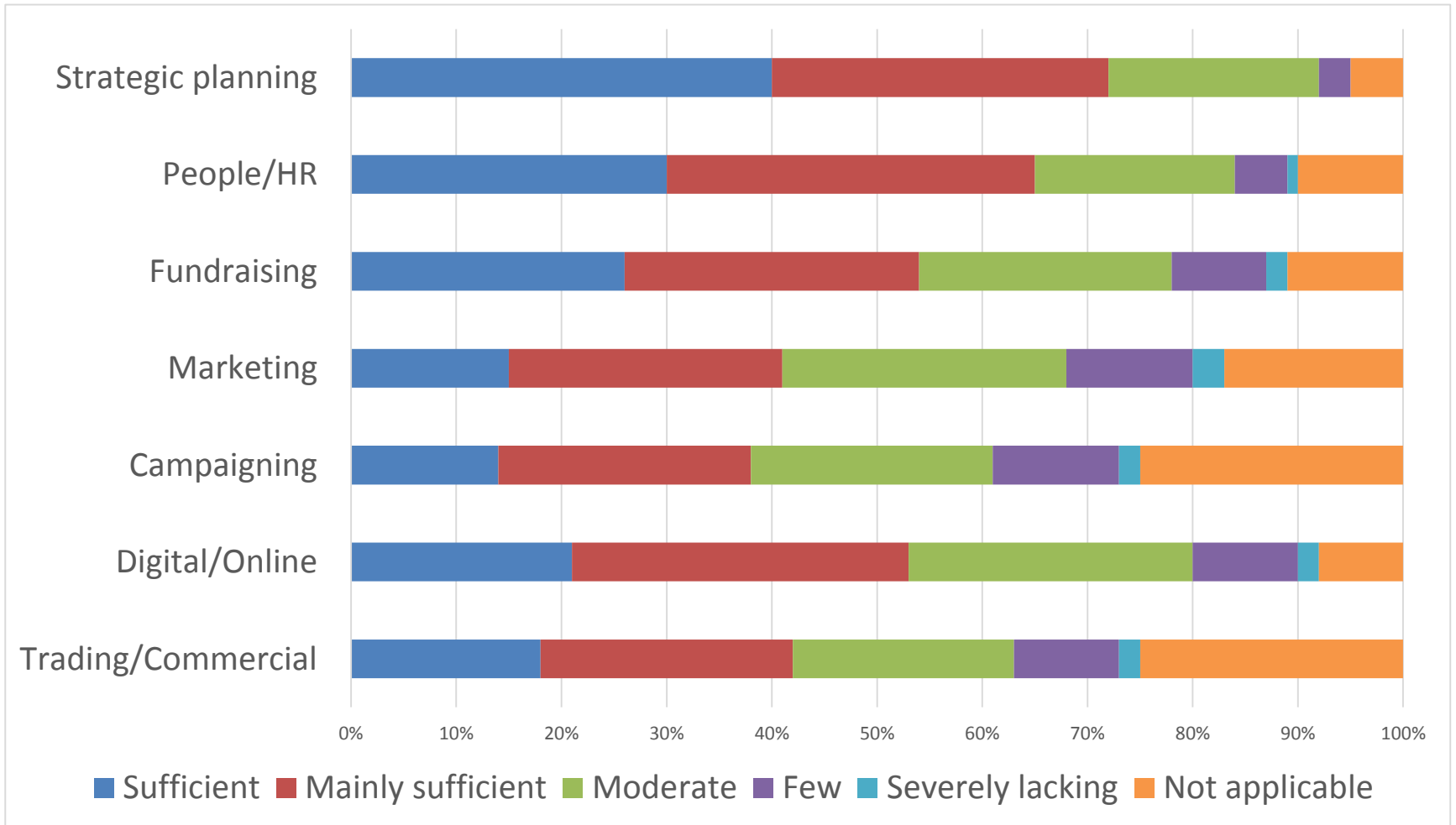
Regulatory and compliance skills on Board of Trustees



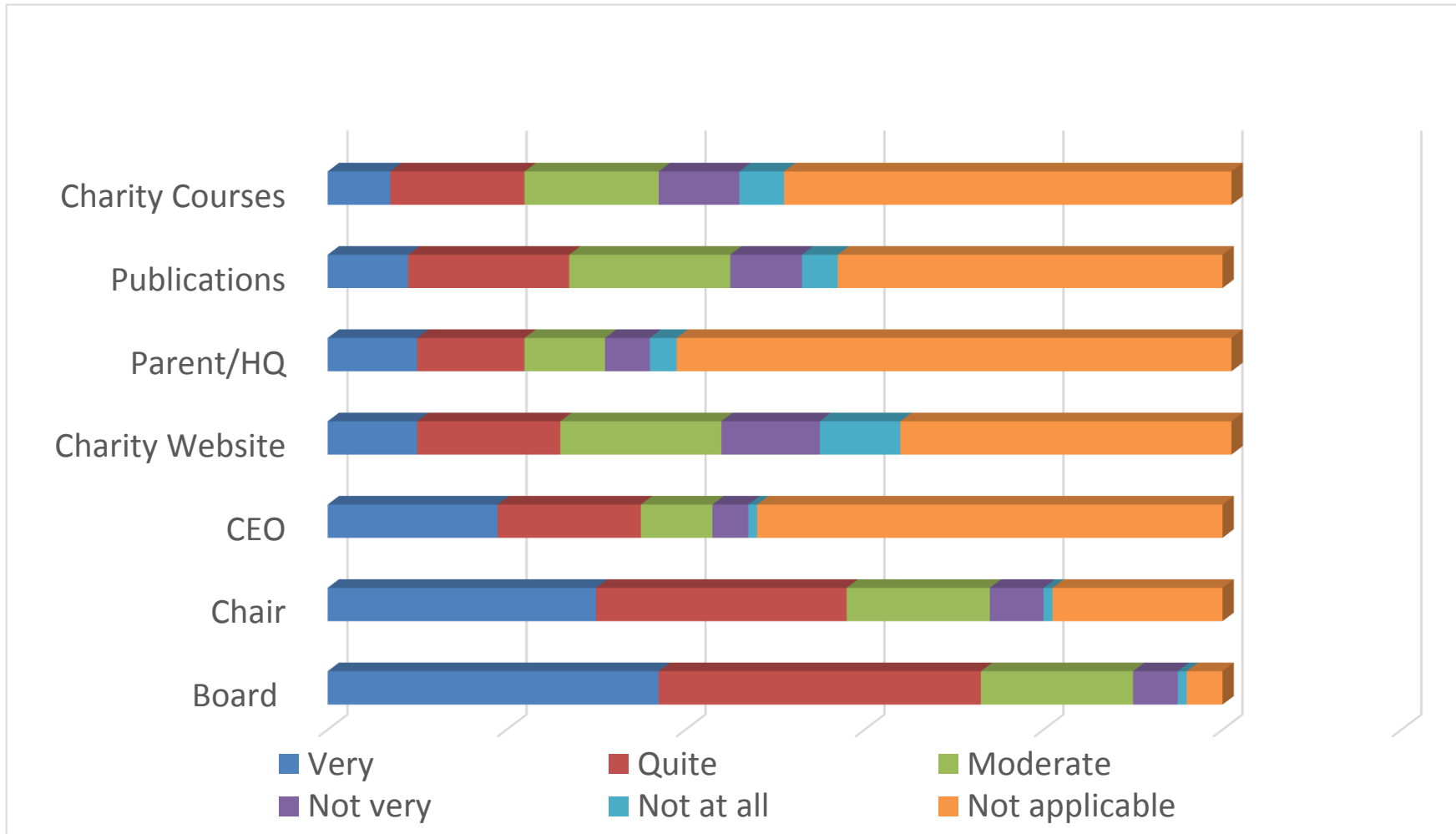
Service delivery skills on Board of Trustees



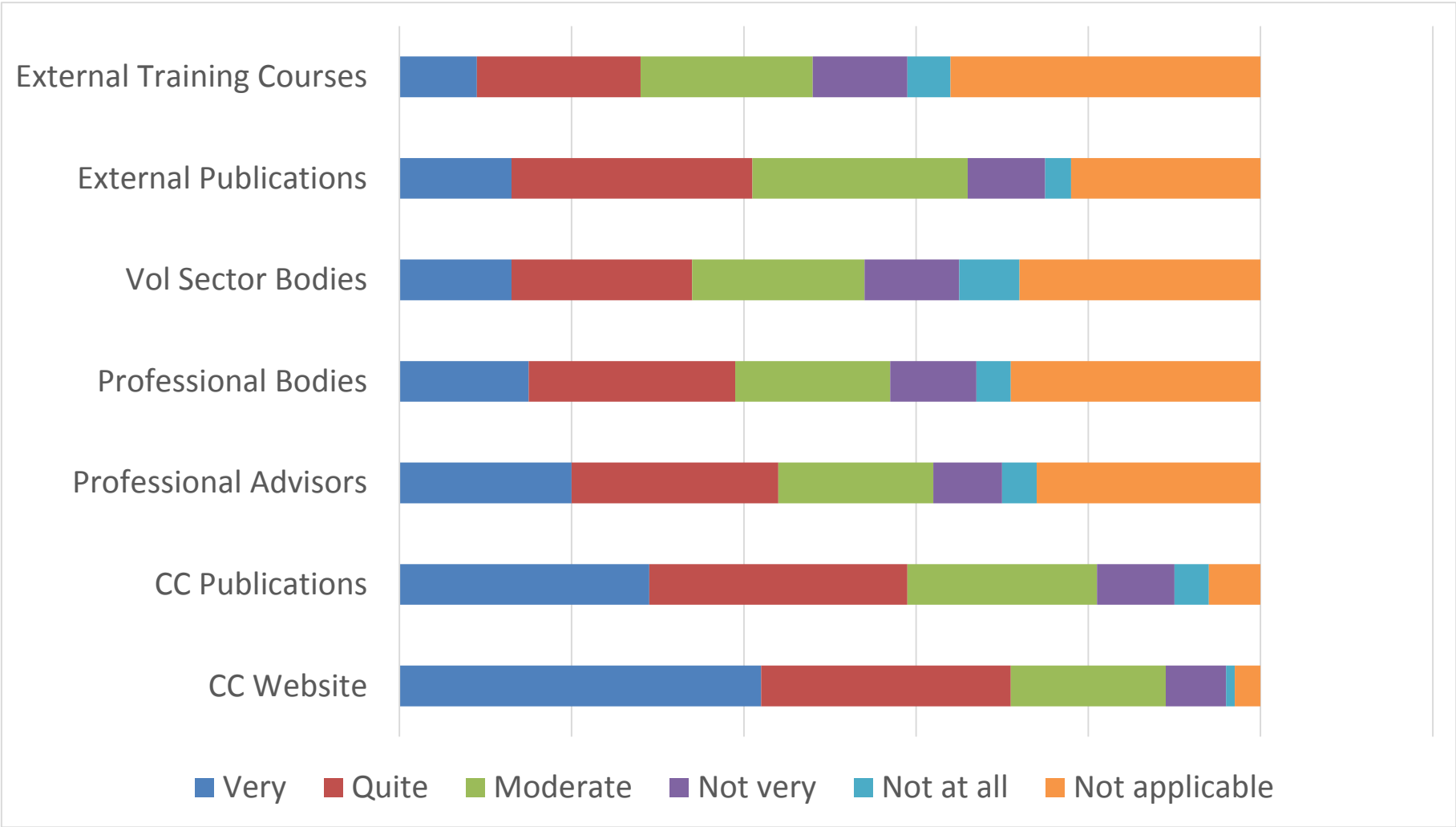
Functional skills on Board of Trustees



Relative importance of internal sources of advice



Relative importance of external sources of advice



Some Questions arising from the research

- How can trustees in the 80% of charities with no staff best be supported by the Charity Commission and sector bodies? What specific issues arise for Treasurers in such charities?
- What aspects of diversity are important for charity trustees? More younger trustees, more women and a better mix of skills seem evident, but what else?
- Should the predominance of informal recruitment of trustees be a concern, or is it a welcome sign of 'adult volunteering'?
- How can external sources of advice be changed so that they are more helpful and more widely used?

Contact details

The Worshipful Company of Management Consultants (WCoMC) is a modern livery company with members drawn from the management consulting profession. It makes grants from its Charitable Fund aimed at building capacity in the sector, and also provides direct pro-bono support to charities on governance and management challenges. WCoMC provided a grant to the Cass Centre for Charity Effectiveness in mid-2016 which enabled the Trustee Research programme to get under way, and provided extensive pro-bono support to the research itself, which resulted in the report:

Taken on Trust. The awareness and effectiveness of trustees in England and Wales

This can be found at: www.cass.city.ac.uk/trustee-awareness-research

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