

The Questions every trustee should ask – CTN lunch 18 June 2007

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Thank you for asking me to speak to you today. There is a glorious circularity in the fact that one of the previous speakers at this event was Sir Nicholas Deakin, whose report into the future of the voluntary and charitable sectors was published just over ten years ago.

That report has shaped so much that is familiar to us today – the Compact, capacity- building initiatives like Changeup, the roles and responsibilities of the Commission itself and of course, our hard-won new Charities Act, which I'll be covering later.

The sector has experienced so much change in this decade and risen admirably, for the most part, to its challenges. Let me highlight a few:

Changes in society:

The escalation in gun and knife crime creating no-go areas in our towns and cities.

The pressures on housing – leaving so many young people and start-up families struggling to find a home of their own.

The changing nationalities of those who come to the UK, fleeing persecution or looking for new opportunities for themselves and their families.

Changes in perception:

The recognition that child poverty must be eradicated if it is not to perpetually doom future generations.

That gay and lesbian couples should receive legal protection and civil recognition of their relationships.

That people with a disability should cease to be discriminated against by law and by society.

Changes in legislation: The Children's Act of 1989. The Civil Partnership Act of 2004. The Disability Discrimination Act of 2005.

There can be no clearer demonstration that changes in society, coupled with changes in perception eventually bring changes to legislation – making tangible differences to the lives of individuals, communities and ultimately society as a whole.

My choices here are, by definition, selective. But they all have a single thing in common. Charities have been at the vanguard of all of them. Recognising problems, refusing to accept the status quo, speaking up about their beneficiaries' needs.

Great charities doing great work. And, of course, behind every great charity are its trustees.

This lunch is held under the banner 'the Questions every trustee should ask.' Thinking of the list I've just covered, I can't think of any they *shouldn't* ask. In fact, I'd go further, and say that I firmly

believe a board's prime responsibility is to ask questions, challenge complacency and push boundaries, even – sometimes - at the expense of our own serenity.

As those who steer our organisations we are not infallible. Perhaps we are probably not as well-rounded in our personalities or as three dimensional in our skills base as we would like to be – a head for figures and a flair for marketing or communication skills in the same head, for example, are not combinations as thick on the ground as many boards would wish.

But by over-fixating on that skills base we can miss a very important point. Whatever our background or skills - what we should all have in common is the ability to ask delve and to challenge received wisdoms.

This can take courage. I'm sure I'm not alone in remembering my school days, reluctant to put my hand up and ask a question if I was convinced everyone else in the class already knew the answer. Only to re-evaluate when some brave soul asked exactly the same thing and was rewarded with the teacher's congratulations for asking the question, provided with the answer and given the silent gratitude of their classmates who were all – of course - equally in the dark.

Have the courage of your convictions or – in that example – the courage of your ignorance.

Both a desire to learn and conviction played a part in the contribution I tried to make as founder deputy chair at the Food

Standards Agency. You will remember that the agency was set up after the problems surrounding secrecy and poor decision-making at the old Ministry of Agriculture Fisheries and Food.

To say public trust and confidence was at a low point would be like saying Richard Dawkins entertains slight doubts about religion. The handling of the BSE and salmonella crises had directly affected the credibility of MAFF's independence and its secretive decision making had thrown serious public doubts on its ability to do its job.

As an ordinary consumer, I simply didn't see why our policy decisions shouldn't be taken in public and said so. My motives for doing so weren't founded on the possession of specific scientific knowledge, a Masters in advanced public relations theory but on the instinctive feeling that taking these vital decisions affecting the public, in private, just didn't feel right.

I argued that taking them in public would signal accountability to the public and showcase the way in which evidence was being used to reach conclusions and take decisions. And – actually - there was no good reason not to. It hadn't been done before because it hadn't been done before. When the challenge was made, the response was positive.

The results of the Board's subsequent decision to hold all policy making decisions in public has been a significant change in consumer perceptions of Government's handling of food matters, and the virtual disappearance of food scandals as we knew them in the 1980s and 1990s.

And we have only to look at events earlier this year to see the consequences of not asking the questions, when a whole range of popular phone-in television shows – and, I’m afraid, even Blue Peter - were rapped by the premium phone-line regulator Icstis for taking money for calls when results were already decided.

While the parties involved played pass-the-parcel of blame, we saw what can happen when those with ultimate responsibility accept assurances without following their instincts and interrogating received wisdom.

It was certainly not daytime TV’s finest hour but it does provide us all with a salutary warning of what can happen to those who ‘take it on trust’ when it’s actually their responsibility to challenge, to doubt, to ask ‘why?’.

And for boards the message is: it is your responsibility not to let this happen.

I do appreciate this can be easier said than done. Personally, I have found Julia Unwin’s 5 S’s in Governance invaluable. They outline the 5 modes in which high performing boards can operate:

Support

Stretch

Scrutiny

Stewardship; and

Strategy

As Julia says, “while very good boards use all of these modes, excellent boards know which they are using and when.” I have used them on three different boards and believe they can support an excellent balance between safeguarding and stretching in the hands of a board which is, or seeks to become, self-aware and fit for purpose.

Before you can get the balance right, of course, you have to know what kind of board you are. This isn't a statement of the obvious. Analysing the nature and purpose of your board will help you be clearer about your priorities and responsibilities.

I'd like to pass on, yet again with thanks to Julia, some points she has made about board types. Of course, the extent to which a charity can adopt any of these particular models may depend on its governing document, but the 3 types are identified as follows :

Stakeholder boards. Strong in their accountability to their stakeholders and committed to consulting them and working to deliver on the areas which stakeholders identify as priorities.

They have many plusses but can be undermined by an inability to take radical decisions because they are worried these have not been specifically identified, or sanctioned, by stakeholders.

Expert boards. These board members really know their stuff. They are technical experts; masters and mistresses of their subject. I'd hazard a guess that, once upon a time, the Commission itself leant towards this model.

Ironically, while there is a time, place and context for this model it can actually be a problematic one if it insulates the board themselves from seeking expert external advice. It can also cause confusion and tension between the roles of executive and non-executive board members.

And finally, public interest boards. For public bodies, these are increasingly seen as the model to aspire to. This type of board appoints people to, and aims to act in, the public interest. Openness, transparency, and accountability are all watchwords with this model. But they also need to ensure they build in consistent ways of accessing stakeholders and experts.

I find this analysis interesting in itself but it's far more than just an intellectual exercise.

As always, in real life there are no 'magic bullet' boards – ones that combine all the best attributes of each model to create a sublime whole. We don't, any of us, get the balance right every time.

What's important is that we strive to. Thinking about which type of board the Commission wants to become proved incredibly valuable as we started our own board recruitment earlier this year.

We were very conscious of our new objectives and duties. Conscious of the need to manage the double whammy of raising public awareness about the public benefit requirement while at the same time developing the criteria by which to measure it. Conscious of the new emphasis on increasing our, and the sector's, accountability. And conscious of the fact that the diversity of the sector is growing as never before and needed appropriate representation on our currently statistically rather unrepresentative board.

The Commission must and will continue to evolve as an organisation and as a regulator. But the board we will be putting in place is fully equipped to anticipate these changes, deal with them and, I trust, initiate. It is also a board which better reflects the diversity of this most diverse of sectors. In gender and race terms certainly, but also in terms of those who can challenge while staying strategic, stay supportive while criticising and steward resources while pushing the status quo.

So where we are feels good, where we're going is challenging and *who* we are feels increasingly appropriate. It's a good start.

The Act's challenges for us are also challenges for you.

Our challenge is to raise public awareness about public benefit while developing the criteria to measure it. Yours is to look honestly at how you demonstrate public benefit and think creatively about how you can make even more impact.

I hope you know by now that the Commission is not in the business of planning general culls for charities of any type when the public benefit requirement comes into force in early 2008. Not religious charities, or fee-charging ones, or charities which campaign vociferously for their beneficiaries needs. Of such stuff is the very ethos of charity made.

But neither will demonstrating the public benefit requirement be a tick box exercise. You need to start looking now at what you provide, how you provide it and to whom you provide it. You need, in effect, to start asking questions. And when you answer them, can I ask you not to go for the lowest common denominator?

My goal is for the public benefit requirement to lead to a raising of aspirations and standards across the sector. If everyone aims for what the best do, and the best themselves keep striving to do better, just imagine what a difference that will make to the proficiency, effectiveness and impact of the sector as a whole.

Our challenge is that we will be held to account for our decisions in a new Charity Tribunal. We welcome this – the ease with which our decisions will be challengeable can only lead to our greater accountability and the opportunity to develop case law further. But there's no doubt it will put us under the spotlight in ways we haven't experienced before.

You are increasingly being held accountable by funders, supporters and beneficiaries alike. We know that some of this is counter-productive. The impact of increased bureaucracy inflicted

by some funders, for example, is a message we are taking to them whenever we can.

But by using the tools you already have - your accounts, your annual reports, your websites – to demonstrate your impact you can explain yourselves without adding to your administrative burden.

Instead of thinking that you produce these things because you have to, turn that idea on its head and think how you can make them work for all your stakeholders. If this questioning leads to a whole new way of writing, of explanation and of communication then so much the better.

I hope that the Citizen's Standards for public benefit which we published at the same time as we launched our consultation on the draft public benefit guidance will prove an essential tool for you. They outline what the public wants to see from the charities they support and, importantly, what success in achieving this looks like to the public. So you don't have to second guess or mind-read any longer, look at the standards and see what really creates public trust and confidence in the minds of the public.

And standing up for what you believe in has been, and always will be, a crucial part of charities' integrity, and one which takes that public trust and confidence right along with it. While some may fail to appreciate just how wide the scope is for charities to undertake campaigning and political activity, it's important that trustee boards themselves do not underestimate their potential.

Right at the start of this speech, I highlighted just a few of the seismic changes in society and human rights which charity campaigning has helped achieve. The sector should not rest on its laurels, the need for awareness raising as a first step in bringing about change in attitudes and legislative change is unending and charities will, I hope, continue to rise to these challenges as they have always done.

At a time when, according to nfpSynergy's recent report, the charitable sector as a whole is experiencing an identity crisis – revisiting these Citizen's Standards may help remind boards about what makes charities so distinct in law, so unique in the public mind and so valued by politicians of all hues. When you have a brand as strong as 'charity' it's sometimes easy to take it for granted and commensurately more important to remind yourself where its strength lies.

"We shall not cease from exploration and the end of all our exploring will be to arrive at the place we started and know that place for the first time."

I wonder if Sir Nicholas Deakin could have envisaged the scale and pace of change that would be achieved when he compiled the Deakin report into the future of the voluntary sector? I look forward to seeing what challenges you will meet in the next decade.

So, in Elliot's words:

Do not cease from exploring, from challenging, from evolving and developing.

You are not ordinary people and you do not lead ordinary organisations. Where there is an opportunity for improvement, for standard bearing, for excellence you must take it. Asking questions, seeking explanations, offering solutions is the impetus for change and you are the ones to achieve it. That, after all, is why you are charity trustees.

Thank you.

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21 minutes at 120 wpm