



Centre for Charity
Effectiveness

Taken on trust.

The awareness and effectiveness of
charity trustees in England and Wales



*The Worshipful Company of
Management Consultants*

Cass Centre for Charity Effectiveness

Inspiring transformation within the nonprofit sector

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

A summary report by
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Nikki Stickland and Silvana Pesenti

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In the early 2000s, The Worshipful Company of Management Consultants (WCoMC) collaborated with Sir John Cass Business School, which is part of City, University of London to establish the Cass Centre for Charity Effectiveness (Cass CCE). Since that time, WCoMC has worked with Cass CCE on a number of projects and has provided financial support to courses aimed at the development of aspiring and new charity chief executives.

The Centre for Charity Effectiveness (Cass CCE) is a leading nonprofit and philanthropy Centre, both in the UK and overseas. It is the only UK Centre to be found at a global business school that offers a combination of applied research, postgraduate masters degrees, professional development. The Centre works both in the UK and internationally to deliver its vision of a strong nonprofit sector that leads positive social change. It creates value for its students, delegates and clients by offering a unique blend of multidisciplinary and cross sectoral skills and expertise; practitioners and management consultants working alongside academic faculty.

The Worshipful Company of Management Consultants (WCoMC) is a modern livery company with members drawn from the management consulting profession. From the outset it has focused on providing support to the charity sector globally. WCoMC gives grants from its Charitable Fund aimed at building capacity in the sector. It also provides direct pro-bono support whereby experienced management consultants undertake assignments for charities and help tackle their governance and management challenges.

Following initial discussions between Cass CCE, the Charity Commission and the Cranfield Trust concerning trustee awareness and capabilities, the WCoMC provided a grant to Cass CCE in mid-2016. This enabled the scoping phase for the Trustee Research programme. Following a successful funding application to the Office of Civil Society, Cass CCE was commissioned by the Charity Commission to lead the research study. Lead researcher, Dr Stephen Lee, Professor of Voluntary Sector Management, Cass CCE, was supported by Dr Bob Harris, WCoMC, who generously provided extensive pro-bono support. The findings have been released and can be found in the resulting report:

Taken on trust.

The awareness & effectiveness of charity trustees in England & Wales

The report was launched on 13th November 2017 and the Minister for Civil Society Tracey Crouch MP said in her foreword to the report:



“I would like to thank the partnership of organisations that made this research possible... Your contribution has been critical to pulling together the most comprehensive picture of trusteeship in a generation.”



This summary report sets out the key findings from the research and the recommendations from the research team aimed at improving charity governance.

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:

GENDER MATTERS



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

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

60-62
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

Introduction

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 the light of this, this research 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 trustee roles maintained by the Charity Commission (circa 950,000 individual 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.

Demographic characteristics of charity trustees

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 2 to 1, 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.

General characteristics of trustees

Gender	64% Male	36% Female
Ethnicity	92% white (male and female combined)	
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	

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 c.700,000 – significantly fewer than the commonly reported figure of c.800,000.

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+	1	2	119	42	24	0.1
Total	65,052	56,335	21,955	8,839	2,147	100

Source: The Charity Commission register February 2017

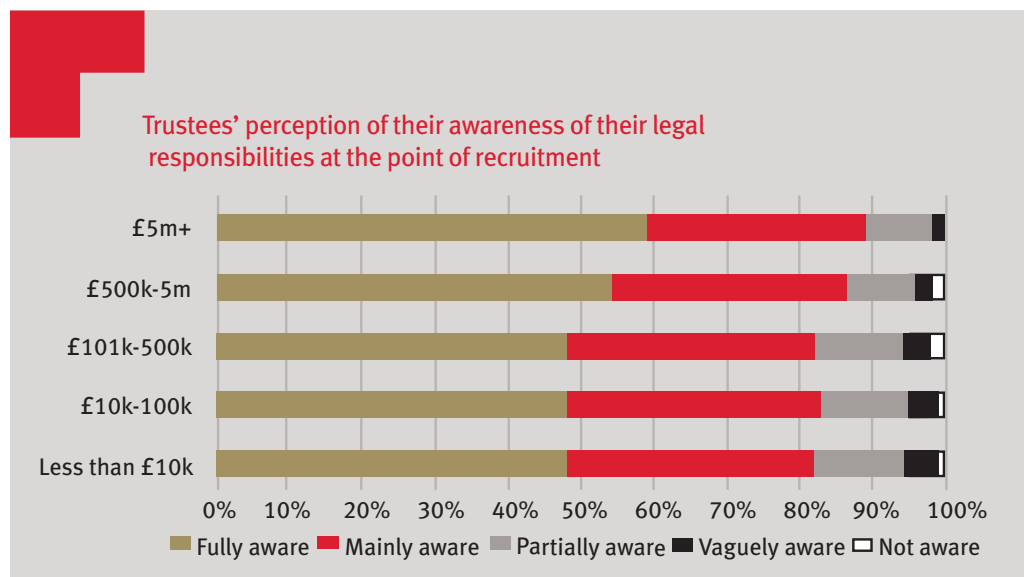
Trustee recruitment and sources of advice

Given the demographic characteristics of charity trustees reported above, there is a danger that charity trustee boards might become myopic in their views and in their decision-making. Evidence from the research found charity trustees to be overly reliant upon fellow trustees for both the 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.

Trustees' awareness of their role and responsibilities

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



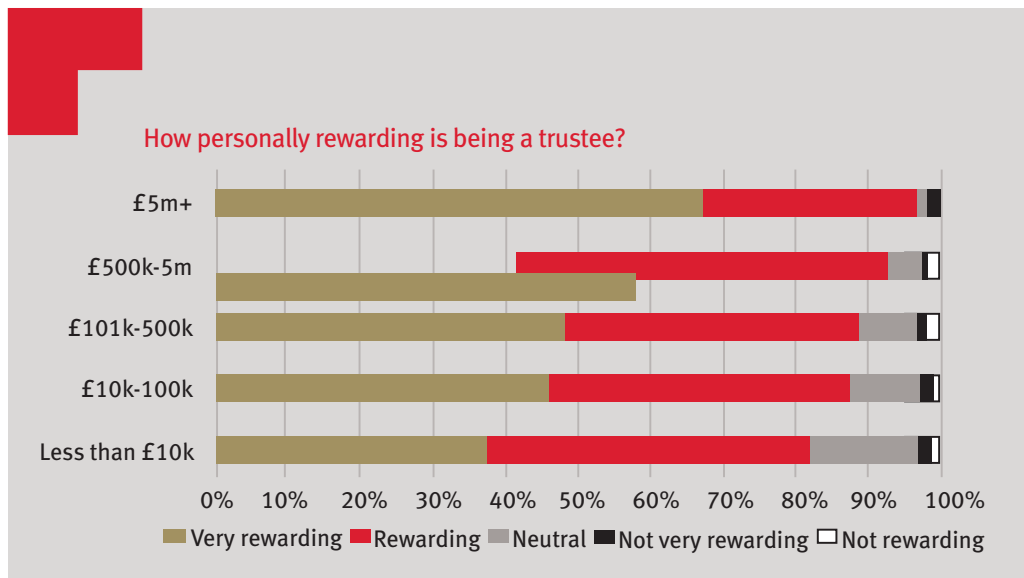
They are extremely positive about the role they perform as trustees, its importance to society and the personal reward and satisfaction they gain from being a charity trustee. We estimate the annual value of the time that trustees spend on their trustee duties at £3.5billion, to which can be added a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

Trustee skills and competencies

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.

Despite the presence of skills shortages and the challenges that charity trustees face, they remain upbeat about the rewarding nature of the role to them and the important benefits that it delivers to beneficiaries, to charities and to society at large.



Conclusions

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 draw upon developments in digital technology and thus enable the widest Trustee audiences to be reached.

Recommendations

The recommendations presented here follow from the conclusions developed from the research analysis of the data presented in the main body of the research report.

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. CVS's 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 etc.) 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, CVS etc.) 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. CVS's, 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 online 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 etc.) 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 etc.).
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 www.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.

Partner contact information and link to the research report

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- Full report: www.cass.city.ac.uk/trustee-awareness-research

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Cass Business School

In 2002, the School was renamed Sir John Cass Business School following a generous donation towards the development of its new Bunhill Row premises.

Sir John Cass's Foundation

Sir John Cass's Foundation has supported education in London since the 18th century and takes its name from its founder, Sir John Cass, who established a school in Aldgate in 1710. Born in the City of London in 1661, Sir John served as an MP for the City and was knighted in 1713.



City, University of London is an independent member of the University of London which was established by Royal Charter in 1836. It consists of 18 independent member institutions of outstanding global reputation and several prestigious central academic bodies and activities.

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