



A Review of the Governance Practices of Warrington's Registered Charities

2018

Introduction

Warrington Voluntary Action regularly conducts a 'review of the sector' survey to identify key issues affecting local charitable organisations, and comment on emerging trends across the whole sector. This year, there has been a specific focus on the governance practices of registered charities only. Focusing on one topic and selecting a target group has allowed the questions to be more specific, resulting in richer data being produced.

An online survey was sent to 344 registered charities who are based in Warrington. Where possible, trustees were contacted directly and asked to complete the survey. If the contact details of the trustees were unknown, the lead staff member of the organisation was asked to pass the survey on. 54 local organisations completed the survey. The final submissions represented 16% of all the charities in Warrington.

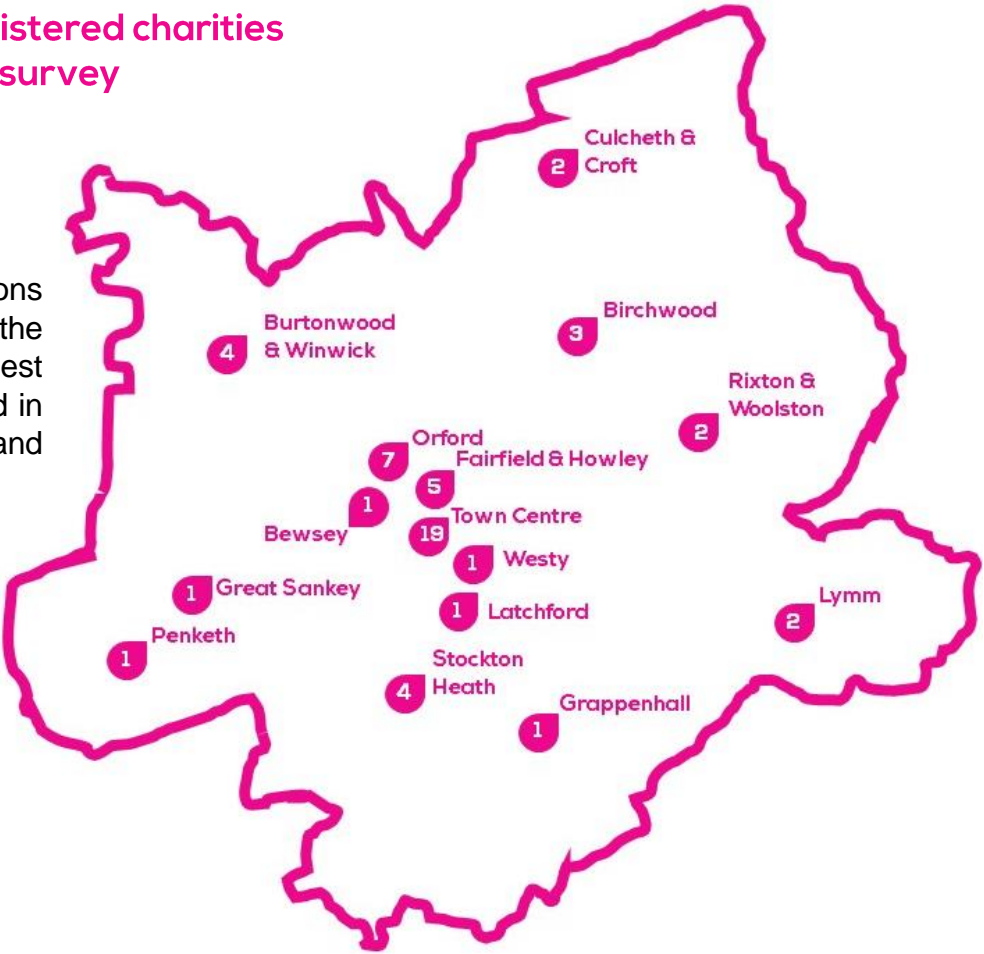
The following report provides contextual information regarding the registered charities that completed the survey, with the key findings split into the following categories:

- Organisational purpose
- Leadership & integrity
- Decision making, risk management & control
- Board effectiveness

Overall, the survey was very well received, with trustees commenting how useful it was as a tool to reflect on their practices, and highlight potential areas for development.

Locations of the registered charities who completed the survey

Of the 54 organisations represented in the survey, the largest proportion are based in the Town Centre and central wards.



Size of charities that completed the survey:

Turnover	% of charities
>£5m.....	3%
£1m - £5m.....	9%
£750k - £1m.....	6%
£500k - £750k	3%
£250k - £500k	12%
£100k - £250k	18%
£50k - £100k	18%
£10k - £50k	28%
<£10k	3%

4 charities were newly registered, therefore had no financial information to view on the Charity Commission website.

49% of charities who answered the survey are defined as ‘small’ (using NCVO’s definition) with an annual income less than £100k. The most common size was £10k - £50k.

Skills and experience of Warrington's trustees



The value of Warrington's Trustees...

Trustees give their time for free to run charities. How can we work out the monetary contribution of Warrington's trustees?

The survey revealed that the average number of trustees on local charity boards is 7.

344 registered charities in Warrington, multiplied by the average number of trustees means there are around 2,408 trustees of registered charities in Warrington. For the purposes of this exercise, we will assume that the role of a trustee is equivalent to an Operational Manager.

The average salary of an Operations Manager in Warrington is £33,966*, which calculates the hourly rate of £17.65

NCVO cite the average hours given by trustees on a weekly basis as 4.88.

2,408 trustees giving 4.88 hours per week at a rate of £17.65 for 52 weeks equates to the sum of

£10, 785,104 per year!

* source: <https://www.payscale.com/research/UK/Location=Warrington-England%3a-Cheshire/Salary>

SECTION ONE: Organisational Purpose

Governing documents: *The governing documents of a registered charity provide the framework for how the organisation should be run, for what purpose, and to what ends. It is important that members of the board understand the terms of their governing document in order to make decisions correctly and to operate legally.*

71% of respondents stated that either all board members or the majority of board members had received the governing documents prior to or at the time of their appointment. 42% said they also had formal procedures in place to ensure that board members had indeed read and understood these documents. This is compared to 44% who said there are no procedures for checking that documents had been read, but this had not caused any issues of misunderstanding.

19% of respondents answered that Board members had access to the governing documents should they wish to see them, and only 10% answered that they didn't know whether board members had sight of or had access to them. 15% of respondents expressed an interest in developing procedures to ensure the documents had been read and understood by all members of the board.

Charitable aims: *The aims of an organisation should be found within the governing documents and outline what the organisation wants to achieve. These are agreed by the Charity Commission at the point of registration. Having a good working understanding of the charitable aims of the organisation ensures trustees are making decisions and supporting operational activities that meet these aims, avoiding activities that result in a 'mission drift'.*

77% of respondents stated every single member of the board would be able to explain the aims of their charity clearly, with 21% saying the majority of their board members would be able to do this, though they may not use the accurate terminology, the basic principles would be the same. Only 2% said that a number of board members may struggle to explain what their charitable aims were.

100% of respondents said the operational activities of their charities are reviewed against the aims at least once a year to ensure they are being met successfully, with some stating this happens every 3 months at board level. There were a range of methods for doing this ranging from formal to informal, including following a formal business or strategic plan, attending away days, having operational activities as a standing agenda item, or giving responsibility to individual board members to monitor.

Examples of good practice:

- A comprehensive induction process which includes a 'Governance Manual', including reading key documents, meeting key operational staff members, and visiting premises.
- An induction process that includes a 'walk through' the key documents
- Board members signing induction documents to acknowledge receiving and reading key documents
- Compulsory introductory training with a certification on completion, kept on file.
- Each trustee has their own access to a virtual file of key documents, including their own trustee handbook which is reviewed when necessary i.e. new legislation.
- Trustees are fully involved in the review and update of the business plan, which is written in close reference to the charitable aims.
- Annual 'away days' for trustees reinforce charitable aims and focus on strategies to ensure they are upheld and the business of the organisation is focussed

SECTION TWO: Leadership & Integrity

Recruitment processes:

Only 26% of respondents said they had formal recruitment policies, which included advertising positions, application forms, interviews and references. One respondent stated this would go as far as 'head hunting' to ensure people with the requisite skills were recruited. The majority of respondents (54%) said that informal procedures work much better for them, the most common method of recruitment being word of mouth, networking, and acquaintances (37%). However, 9% answered that relying on word of mouth had not given the board the breadth of skills required, and a further 10% said they needed support to develop more robust procedures.

85% of respondents said they have induction procedures in place for new trustees, and these range from formal practices such as a handbook and compulsory training, to bespoke packages depending on an individual's knowledge and experience. The most common practice is informally assessing what each new trustee would need, and providing whatever information they request in order to get started, with 48% of respondents stating they preferred to take this informal approach. 15% said there are no induction processes in place, but they are interested in developing an appropriate process for future appointments. Regarding keeping a quorum, 52% said they were happy with the current number of trustees on the board, and were not actively recruiting. 37% said they had enough for a quorum, but would still be interested in recruiting new members. 11% stated their boards were currently too small, either they were only quorate if no apologies were given, or did not have enough members to make a quorum, and are therefore actively recruiting new members.

Behaviours & Communication:

89% of respondents stated that all board members follow a code of conduct, with 43% citing they have a formal policy in place, and 46% stating there is nothing formal in place, but all board members know the appropriate behaviours expected of them. A further 9% answered that although nothing was in place regarding a code of conduct/expected behaviours, they had not experienced any problems. Only 2% of respondents said they needed to look at getting something in place.

83% of respondents stated conflicts of interests are carefully managed through a range of formal and informal approaches. 48% of these took a formal approach, with a written policy in place which all board members are made aware of. 35% of these stated they had nothing formal in place, however developing an understanding of what constitutes a conflict and preventing them in the first instance has avoided any problems. 13% also said they have experience no conflicts, despite not addressing this through a policy or agenda item. 4% stated they did not know what a conflict of interest was, and needed support to put procedures in place.

98% of respondents said they stay in touch between formal meetings for a number of reasons, the most common being emails to discuss actions and urgent matters. 15% said they like to stay in touch socially in between meetings. Only 2% said there was no need to communicate between meetings.

SECTION TWO: Leadership & Integrity

Record keeping:

The majority of respondents (91%) said they kept detailed minutes of meetings, which are kept digitally on a secure system or a personal home system. 9% said they preferred to keep general notes and a paper based system, which are kept secure in physical settings such as filing cabinets or folders.

SECTION 3: Decision Making, Risk Management & Control.

Most respondents were confident that they held the correct policies, and they were up to date. 26% said a detailed record was kept of the policies they kept and the review dates, and when policy documents were due to be renewed they were added to the next meeting's agenda. 33% said they handed responsibility of policy renewal dates to the Manager/Chief Officer, whose task it is to bring updated policy documents to the next board meeting for approval. 30% said there were no formal procedures for updating policies, and this would only be done if it was specifically requested e.g. from a funder. 12% stated they had not reviewed the policies in a while, and were not sure what policy documents they held, but they were confident that the operations manager had this covered.

72% of respondents said they work against a reserves policy, and this ranged from detailed costs, general 3-6 months running costs, or planned overspend. However, 28% said they are not working within their policy, or don't have one at all, and would like support to develop one.

Regarding fiduciary governance, 77% of respondents said that budget and finances are controlled formally through board meetings and subcommittees, setting budgets and presenting reports regularly. 21% said they preferred to take a more informal approach, having a rough idea of costs and keeping an eye on expenditure throughout the year. 2% said they hand over complete responsibility to one board member, and entrust them with budgeting and expenditure.

SECTION 4: Board Effectiveness

Trustees in Warrington bring a wide range of skills to the sector (which can be found in the word cloud at the beginning of this document). The most common skills include management, legal, accounts and finances, and HR. There was also a great deal of sector specific knowledge which would support operational direction, such as housing, safeguarding, education and training, and health. Skills that were lacking and desired by respondents for their boards included IT – in particular knowledge of GDPR legislation – and marketing.

31% of respondents said they had procedures in place to ensure the board's actions were monitored and evaluated, in order to ensure they are acting effectively. 48% said they did not have anything formal in place, but were conscious of holding themselves to account.

RECOMMENDATIONS

The responses from the individuals completing the governance survey was very positive, as it gave trustees the opportunity to reflect on their practices in depth. Most of the submissions indicated that all processes and procedures were in place and working effectively. However, there were areas where trustees were unsure about their charity's position. This highlights the importance of regularly reflecting on practices as a Board, and identifying key areas for scrutiny. A few individuals commented that some areas had not been reviewed in a long time, as it was assumed that nothing had changed, and nothing had presented itself as an immediate problem. The survey had prompted them to add the survey results to the next Board agenda.

In light of this, WVA will continue to promote the Review and Reflect tool. This is a lighter version of the governance survey, aimed at small charities and voluntary organisations, to enable them to focus on key areas of governance. Our Development Staff then work closely with the organisation to develop best practice.

Another key finding of the report was that there is no single correct way for a charity to conduct business. The design of the survey allowed respondents to answer in a number of different ways to show the variety of practices, and to illustrate the fact that what may work for one charity, may not be appropriate for another.

WVA will continue to adopt a bespoke approach when supporting groups with their governance in order to ensure there is best practice and compliance through methods that suit them.

APPENDIX

1. Governance survey questions. Click the link to read the original questions and answer choices.



Governance survey questions.pdf

2. Database of charity sizes, income and expenditure in Warrington. Below is the summary sheet detailing the view of the sector from the perspective of finance, in order to put our results into perspective. To view the whole document, contact Stef or Alison at WVA.

Charity Income / Expenditure 2011/12 - 2013/14						
Charity Size	2013/14		2012/13		2011/12	
	Inc	Exp	Inc	Exp	Inc	Exp
Under £1,000	£11,912	£13,538	£75,572	£63,482	£49,229	£55,678
£1,001 - £5,000	£164,042	£205,733	£259,223	£251,041	£244,437	£255,220
£5,001 - £10,000	£354,504	£406,450	£568,168	£485,394	£333,060	£397,289
£10,001 - £25,000	£965,017	£911,594	£955,274	£929,262	£981,144	£892,228
£25,001 - £100,000	£5,031,510	£4,838,987	£4,942,075	£4,631,632	£4,680,188	£4,439,755
£100,001 - £500,000	£11,557,459	£11,428,486	£10,705,848	£10,547,490	£10,440,787	£10,121,486
£500,001 - £1,000,000	£12,586,769	£12,484,872	£11,819,662	£11,537,888	£12,135,773	£11,767,407
£1,000,001 - £10,000,000	£47,840,453	£45,372,309	£46,955,882	£44,353,247	£45,613,316	£43,142,077
£10,000,000 +	£301,874,271	£281,295,168	£282,710,617	£266,850,573	£273,242,959	£255,444,933
Total	£380,385,937	£356,957,137	£358,992,321	£339,650,009	£347,720,893	£326,516,073
Headline Analysis						
Income 2013/14	£380,385,937					
Income 2011/12	£347,720,893					
Increase	£32,665,044					
Expenditure 2013/14	£356,957,137					
Expenditure 2011/12	£326,516,073					
Increase	£30,441,064					