

THE FUTURE OF GOOD GOVERNANCE

Event summary

On 15 February, we hosted ‘The Future of Good Governance’ panel event, to support our ongoing governance review. The event brought together a panel of experts, more than 40 external guests, Which? employees and 15 ordinary members for an engaging discussion and sharing of experiences and expertise in governance.

Tim Gardam, our trustee chair, opened the event and highlighted the importance of engaging with different audiences to improve our understanding of what good governance should constitute. The **independent chair of the Governance Review Committee, Dame Deirdre Hutton DBE**, touched on the role of a board before adding that the ‘human factor’, the culture and people, are vital to making things operate effectively.



‘Governance is a verb not a noun’ Sarah Atkinson

Keynote speakers included **Sarah Atkinson**, director of policy, planning and communications at the **Charity Commission** and **Mark Wood CBE**, chair of the **NSPCC**. Sarah described governance as ‘a constant process of change that will always need to be looked at as an evolving concept - governance is a verb not a noun’. She spoke of the need for charities to inspire trust and be trustworthy. She explained there are three key ingredients, three threads that wrapped up together make trustworthiness in charities: first, being true to your values; second, using your money and resources efficiently; and third, making a difference to the public.

Mark Wood CBE then shared his experience from the governance review he oversaw at the NSPCC in 2013. The NSPCC governance review was prompted by a concern among Trustees and the Executive team that the relationship between the two had become dysfunctional. The independent review looked at a broad range of issues and made 112 recommendations. Mark commented on how some of the smaller practical improvements to the mechanics of its existing governance turned out to be important and beneficial. He described three of the most significant recommendations, including that of reducing the size of the board from 18 to 12 and bringing people in with expertise on subject matter and commercial activities,



as well as setting up a remuneration committee that concentrated on the right pay for the right expertise (rather than low pay). The review findings reaffirmed the role of a charity trustee as one that is focused on delivering fixed charitable objectives of its organisation, in comparison with a non-executive director in a company, who is responsible for setting and delivering strategic objectives which may change with shareholder support and providing a return on investment.

PANEL DISCUSSION

Julia Unwin CBE then lead the panel discussion and interactive Q&A session with the audience. Panelists included Sarah Atkinson from the Charity Commission, Sir Chris Kelly from the Co-operative Group and The King's Fund, Elizabeth Chamberlain from the NCVO, Robert Bourns from the Law Society, and Trevor Phillips OBE, former president of the John Lewis Partnership and now chair of Green Park. The panel debated various topics including diversity, the role of the members, trustees and non executive directors in the governance process and framework.

'Diversity of thought as well as in background' Trevor Phillips

The panel offered up several ideas on diversity, both in what it should mean and how it should be achieved. They agreed that organisations should focus on diversity of thought as much as, if not more than, background. Trustee recruitment should focus, above all, on the skills and expertise of trustees to develop diversity and effectiveness. The panel also pointed out that a strong culture can sometimes be a barrier to recruiting the right people, as it ends up being self-perpetuating in its selection of a board. Elizabeth Chamberlain argued that there are a number of practical barriers that can hinder diverse recruitment, including, for example, when and where trustee meetings are held, as well how, where and when trustee vacancies are advertised.

'Membership organisations.....face the risk that a very small number of people who are not representative of the main membership have an effect on what you do' Sir Chris Kelly

Sir Chris Kelly shared some of the challenges that the Co-op had been through and how it had rearticulated the role of its members and introduced a 'capabilities threshold' for all board appointments. This means that before someone can stand for election as a member nominated director, they must demonstrate that they have the capability of being a non executive director of a significant organisation. Sir Chris explained the Co-op has enshrined in its rules a set of arrangements that improves clarity around accountability and responsibility. It is clear that the executive is accountable to the board. The membership holds the Board accountable for its decisions, particularly in relation to Co-operative values and principles, but does not instruct the organisation on what to do.

Robert Bourns noted that by building trust at the Law Society, it had moved from narrow involvement of a small number of members with the formal governance framework, to a wider range of engagement and member-networking opportunities with members, significantly increasing the Law Society's understanding of and influence for the legal profession.



‘Move at the speed of trust’ Julia Unwin

The panel discussion finished with an open floor Q&A. We heard from a number of organisations including the **Royal British Legion, Cycling UK, University Chairs and RNLI**. Themes covered in this discussion included the resource and budget required to ensure good governance and challenges that organisations often face from members when trying to make changes to their governance. The panel encouraged investing in good governance and the right people as it should lead to greater effectiveness in stewardship and delivery of public benefit. However, it cautioned against ‘gold-plating’ governance and encouraged a focus on ‘right-touch governance’, which will be different for each organisation. The panel also commented on the importance of building trust between members of a charity and its leadership and of investing in effective communication and engagement during times of change. The panel echoed the point raised in Civil Society Future’s 2018 independent inquiry, which stated that an organisation needs to ‘move at the speed of trust’. The panel reiterated that organisations must not take trust for granted, as it is the core currency of civil society.

‘Limiting trustee tenure helps to ensure change and improvement is encouraged’ Robert Bourns

Robert Bourns highlighted the importance of making sure process does not get in the way of responsibilities, and that having fixed terms and maximum terms of trustee office is really important. It is vital that organisations limit trustee tenure to help refresh a board and to make sure change and improvement is encouraged. This helps organisations to be forward looking and have the ability for renewal when required.

‘Scrutiny is the new normal. Accept it and welcome it’ Elizabeth Chamberlain

The panel concluded by reflecting more broadly on the charity sector, commenting on how it is still not used to being challenged. They agreed that the worst course of action in this scenario is not to respond and instead it is vital that the board and chair in particular demonstrate leadership of an organisation in moments of crisis, thus inspiring confidence and trust from the organisation and its stakeholders. The panel agreed that it is no longer possible to hide from skeletons or shy away from facing difficult questions or decisions. It’s vital to articulate the reasons for decisions and demonstrate that the organisation continues to live its values.

‘Governance gripes are the lightning rod for a variety of woes’ Deirdre Hutton

Dame Deirdre Hutton DBE rounded up the debate by thanking the speakers, panel and audience for such a rich and thoughtful conversation. She reminded those in the room that ‘governance gripes are the lightning rod for a variety of woes’, meaning that there will always be problems in an organisation and if not addressed, governance becomes the form to try to deal with them. Finally, she celebrated the passion in the room for charity and the desire for improving governance and wanting to do the right thing.