

Which?

EVOLVING IN A MODERN WORLD

**The Second Report of the
Which? Governance Review**



FOREWORD

Dame Deirdre Hutton DBE

Welcome to the second report from the Governance Review Committee (GRC) on how we are helping to shape the future of the Consumers' Association (CA). Six months on from the publication of our first report, *'The Future Governance of Which?'*, I am pleased to update you on the progress we are making.

Which?'s first priority is to empower UK consumers. The aim of this review is to ensure that Which? is underpinned by a modern governance framework where trust and transparency flourish.

Which? occupies a unique and important position as the only charity in the UK working at the intersection of consumers, business and policymakers, to create lasting positive change for millions of people. As such, it must be fit for the future: open, accountable and answerable; easy to understand and easy to lead; and empowered by a valued and diverse membership. The charity must inspire the confidence and belief of its members, supporters and staff if it is to successfully achieve its mission.

As stated in the first report, governance alone won't create a brilliant organisation. However, ensuring the right framework and mechanisms are in place is crucial to enabling Which? to perform at its best.

I would like to thank everyone who has supported the review so far for their enthusiasm and valuable input, particularly the hundreds of members who took the time to respond to the survey we emailed in November 2018.

In February we held a *'Future of Good Governance'* panel event to develop our thinking. Involving more than 40 external guests, 15 Ordinary Members and a number of Which? employees, the event identified three key areas that we will focus on in this report:

- **Meaningful engagement** – engaging with members to encourage and enable wider participation and to drive activity
- **Transparency** – demonstrating that Which? is open, efficient and trusted
- **Council expertise** – drawing on diversity of expertise, experience and thinking to develop effectiveness

In the following pages we present some of the options that will enable Which? to evolve in a world that is increasingly challenging for consumers to navigate, and ever more demanding on Which? as an organisation.

We are continuing to listen carefully to your feedback before we come forward with a final set of recommendations for consideration by Council. Please carry on engaging with and contributing to this process, which will come to its conclusion at the AGM in November. I very much hope to hear your views on the direction we are taking.

MAXIMISING IMPACT

60 years ago, Which? was founded as a membership body, designed to ensure that the people who sought trustworthy consumer advice would financially support the rigorous and impartial research required for its success. Members add legitimacy to its advocacy and research work by funding its activities, allowing Which? to remain entirely self-funded and independent, without reliance on government funding to operate.

The pace of change

Which? has many strengths as a membership body, and for many years it has acted as an effective and trusted consumer champion. Now it faces an urgent need to keep pace with the huge rate of change happening in the wider marketplace. As a charity, regulated by the Charity Commission, Which? also needs to ensure that the way it is governed responds to increasing sectoral expectations and supports it in achieving its ambitions.

While Which?'s membership model has always been intrinsic to its identity and values, today its members are largely of an older generation and membership numbers are in decline. If it is

to continue to have impact it has to appeal to a wider and more diverse generation of consumers whose need for a champion in the online world is undiminished, but who do not necessarily look to Which? to guide them in the same way.

Which? has an unparalleled asset in its impartial research. It commands wide trust and is respected even by those who don't use it. But, in a complex and competitive world, Which? has to build a diverse and growing membership if it is to speak for the very people it exists to support and retain its legitimacy with policy-makers and business.

In addition, Which? needs to make up for lost time and invest sufficiently in digital technology to ensure its offer remains relevant. It must concentrate its resources to maximise its consumer impact, and it must invest more time than it has in recent years to understand more deeply both current and future members' needs. Therefore, and in parallel to the Governance Review, Which? has instigated a strategic review designed to identify a more sustainable business model and coherent set of priorities.



work of Which? It is hoped as a result that more members will also choose to get involved in the governance of the organisation; but above all the aim is to encourage an open and reciprocal relationship.

In response to member suggestions, Which? is already making improvements to materials designed to provide members with increased opportunities to interact and to participate in campaigns. It is also looking at ways to further develop the work of the Which? Connect Panel - an exclusive online research panel made up of more than 30,000 Which? members who regularly take part in a variety of research activities. Which? will also continue to test new membership benefits and products with small groups of members to understand what is most of interest to current members.

A driving force

Which?'s mission is to become the pre-eminent force driving meaningful and lasting impact for and with UK consumers in areas where it has both the capability and opportunity to do so. It recognises the need to remain relevant and deliver what modern consumers want. This also means its governance framework needs, now more than ever, to facilitate excellent stewardship that will support it in achieving its ambitions and meet the requirements of tougher charity regulation.

Evolving the membership model in future

The benefits of membership must be more closely aligned to Which?'s purpose as a consumer champion and be more clearly communicated to both existing and potential members. People coming to Which? have differing needs and interests. The membership model must evolve to encourage people to join and stay with Which? for a variety of reasons - not just to access product reviews or utilise helplines. Which? is therefore considering ways to invigorate the membership including options that will offer more choice when it comes to purchasing and accessing content either online or through traditional channels, a variety of membership packages and allowing people to customise their content.

Which? will continue to offer unbiased advice, based on independent research to enable people to make better purchasing decisions. It will help good businesses thrive and hold bad business to account. It will act as both critical friend and partner to policymakers to provide the evidence, support and direction needed to build better policy solutions. It will improve the ways it showcases its achievements, so people better understand why being a member not only benefits them individually in the short term, but also enables positive impact for all UK consumers in the long term.

Driving member participation and understanding

With change comes an opportunity for Which? to forge new relationships based on a deeper understanding of consumer needs. Which? wants to develop a lasting dialogue with its members on the issues that they most care about, helping members to contribute and participate more actively in the

Maximising impact:

- 1 Evolve the membership model to appeal to a wider and more diverse generation of consumers**
- 2 Drive member participation and encourage dialogue on the issues members care about**
- 3 Build an open and reciprocal relationship with members which invites and encourages involvement in governance**

LISTENING TO YOU

In our first report, *'The Future Governance of Which?'* we explained that the GRC is aiming to create a governance framework that:

- provides expert and effective oversight
- remains open, agile and accountable
- allows Which? to be representative of the diversity of contemporary Britain
- makes the organisation easy to understand and easy to lead

The current Which? governance model is shown for reference on pages 20–21 in this report.

The initial phase of this review has involved an extensive listening exercise - to assess Which?'s current governance framework and working processes, to consider its strengths and weaknesses and to consider alternative ways forward, which may lead to specific proposals and recommendations for change.

We have gathered feedback from members and other stakeholders through:

- The AGM in November 2018.
- A survey conducted in November 2018 to accompany the *'Future Governance of Which?'* report (survey completed by 288 people).
- The 'Future of Good Governance' panel event in February 2019 attended by the GRC, Charity Commission, industry experts, other similar organisations and a small group of Ordinary Members.

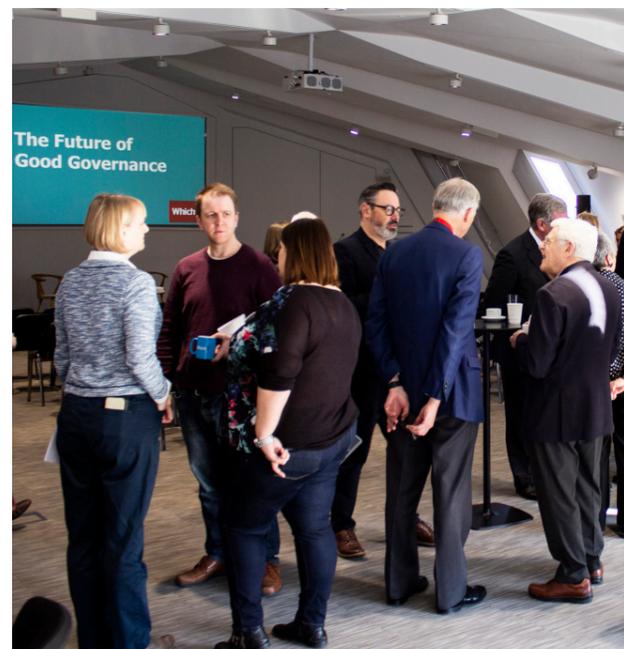
Feedback insights

The following insights were overwhelmingly born out through the feedback and views shared with us so far.

- 1 The not-for-profit landscape has changed beyond recognition from when Which? first became a charity.
- 2 Trust in charities is falling across the sector and is no longer something that any charitable organisation can rely on.
- 3 Members are seeking opportunities to be involved in driving the activities of organisations to which they belong and in shaping the work they choose to do.
- 4 Changes in the regulatory environment put volunteer trustees in positions of considerable responsibility and public accountability that were rarely known even ten years ago.

This report draws heavily on our consideration of these points and other feedback provided. Together they highlight that one of the biggest challenges facing the organisation is maintaining its legitimacy. This legitimacy empowers the organisation to continue to be a powerful voice in an ever changing consumer landscape. Increased legitimacy can be achieved through greater trust in the organisation, more robust and agile decision making processes and the right skills. From this we have arrived at a number of proposals which are set out in the following pages in three sections. The report initially focuses on how Which? can attract a more engaged and diverse **membership**, followed by improvements to the **governance framework** to reflect best practice in governance and allow for agile decision making in the future. Then finally, how Which? can recruit trustees with the right skills to provide expert **stewardship**, to empower Which? to achieve its mission.

Within these sections we have looked in detail at the problems identified in our first report and posed a series of potential solutions which will next be worked into recommendations for consideration by Council.



CONSULTATION FEEDBACK

Membership

WHAT WE HEARD

Which? membership needs to become increasingly reciprocal

The Future Governance of Which? report survey results

Membership and the subscription model remains a key strength and an important driver of future impact

Research published in Future Governance of Which? report

Ordinary Members are generally more interested in having a say over the products that Which? tests than in governance issues

Membership framework study

WHAT WE WANT TO ACHIEVE

An improved membership proposition which is attractive to a more diverse set of people, built on effective dialogue to provide deeper engagement and participation, and to develop the role of members in governance.

Framework

WHAT WE HEARD

Respondents want to feel that Which? is open and honest in how it makes commercial decisions and communicates with members

Research published in The Future Governance of Which? report

65% of respondents rate transparency, especially in respect to remuneration as 'important'

The Future Governance of Which? report survey results

'Scrutiny is the new norm, accept it'

Elizabeth Chamberlain, NCVO, Governance event

WHAT WE WANT TO ACHIEVE

A governance framework built on the structure most able to support the aims of the organisation in future. Open, agile and accountable: making the organisation easy to understand and lead.

Stewardship

WHAT WE HEARD

'The Council membership should have a range of talents within it, so nailing down particular attributes does not mean I wish them all to share those attributes equally'

Ordinary Member, The Future Governance of Which? report survey results

'Limiting trustee tenure helps to ensure change and improvement is encouraged'

Robert Bourns, Law Society, Governance event

68% of respondents rate relevant experience on Board and Council as the most important governance priority

The Future Governance of Which? report survey results

WHAT WE WANT TO ACHIEVE

Stewardship built on the provision of expert and effective oversight, representative of the diversity of all UK consumers and focused on supporting the delivery of Which?'s mission.

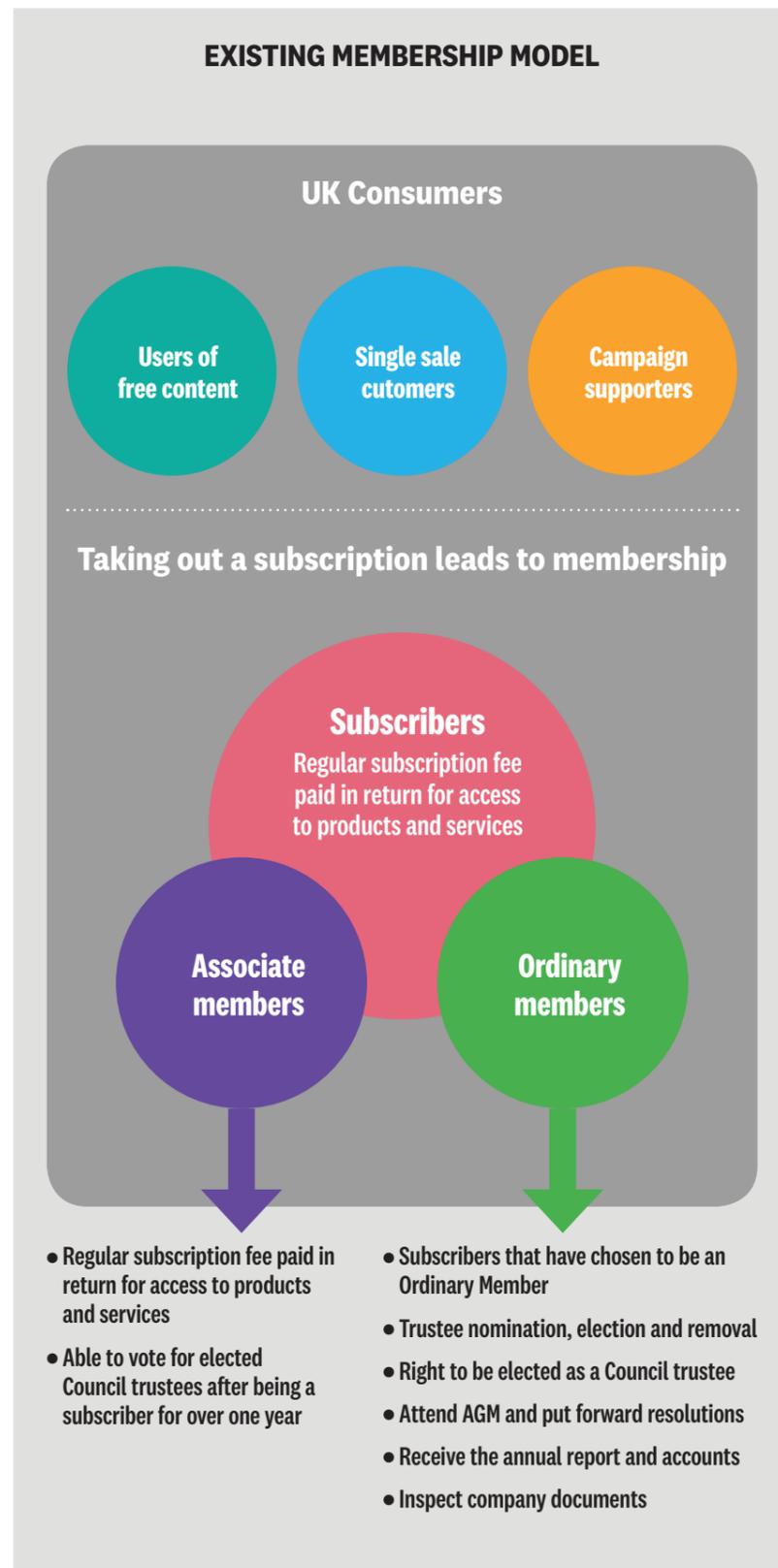
VALUED MEMBERSHIP NETWORK

Which? was founded as a membership body and still operates in much the same way today. By subscribing to its products and services, members enable Which?'s charitable research, advice and advocacy work to remain entirely self-funded and independent. This adds critical legitimacy empowering the organisation to continue to be a powerful voice in an ever changing consumer landscape.

Existing membership model

Which?'s present membership proposition is 'one size fits all' and primarily equates to a subscription to a monthly, premium-priced, online and print subscription. Members can subscribe to five print titles and access advice lines as well as wide-ranging information online, but with little option to personalise access to the content they are specifically interested in. In addition, non-members can access a wide range of free content online – and Which? sees over 11 million unique visits to its free sites and services a year. A smaller proportion of users go on to purchase a single product available outside of membership.

Which? operates different categories of 'membership' which relate primarily to the length of time someone has been subscribing and the role that they have subsequently chosen to play in the governance framework. Despite the various terms in use, members do not currently have many opportunities to be heard, nor do they benefit from being part of a formal Which? members' network or peer-to-peer community, as exists with other similar membership communities.



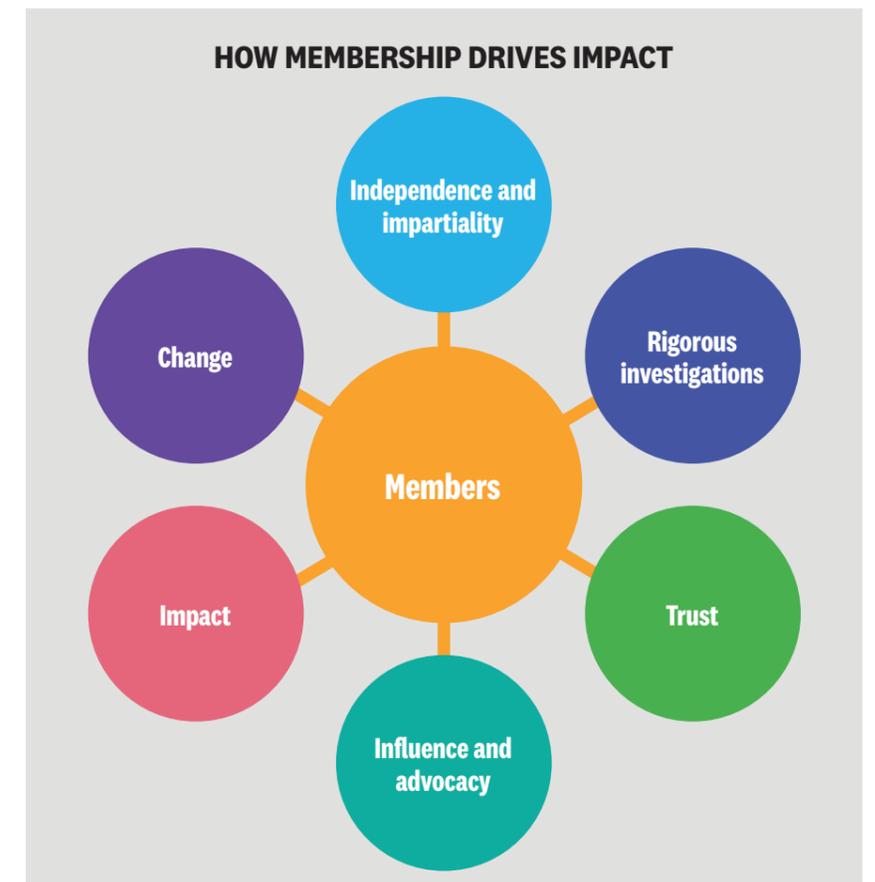
The future of membership

It has become increasingly apparent that the existing membership model does not best support Which?'s purpose, nor does it deliver what members tell us they want – to participate more, with wider opportunities to shape the work the organisation is delivering.

While Which? continues to review a variety of future membership propositions, we are clear that its future interactions with members should be built on developing lasting, two-way relationships which invite and encourage member involvement in all activities.

There is clearly also a strategic need to grow the size and diversity of its current membership base, to better represent the make-up of modern Britain. This is essential to protect Which?'s legitimacy with policy-makers and business and will help it to deliver lasting impact to the audiences who need it the most.

The ambition is for membership to feel less like an exclusive club for a small minority and more like a powerful network, a virtuous circle, with members at the centre. Which? will act as a unifying force, connecting consumers to each other, to business, to policy-makers and back again to Which?. Members will continue to enable Which? to remain financially independent, to drive trust and underpin everything that Which? stands for. In this way membership becomes reciprocal.



The role of members in governance

We know from member feedback that the vast majority of Which? members are more interested in what Which? does, rather than how Which? does it. However, member feedback has also shown that there is a perceived lack of accountability and answerability to members, and a lack of understanding of how members are involved in the governance of Which? (for reference see the *Which? Governance model* on page 20–21).

At present, after a year's paid subscription, 'Associate Members' gain the right to vote on the appointment of some Council members. Any member, at any time, can notify Which? and request to become an 'Ordinary Member' through the completion of a simple form - there is no requirement to first be an Associate Member. Ordinary Members receive additional rights (to speak and vote at the AGM) and thereby to hold Council to account.

This system is not as transparent as it could be - it is not easy for existing members to understand the process or the benefits available to different groups. In effect this is limiting the number of members who choose to get involved in formal governance. There is also a need to improve the information about governance generally available on the Which? website.



1. Should Which? create a 'Members' Senate'?

The GRC wanted to understand whether introducing and enshrining an additional members' body within Which?'s governance structure could increase the accountability of Council while also ensuring that a broader group of members can participate in governance.

We first assessed how other national charities operate similar member bodies. It is clear they can work well in the right context; however, they also have their drawbacks: including increased governance costs, slower decision making and a tendency to become bureaucratic. There are many examples where they are ineffective and don't necessarily lead to wider member engagement.

Adding an additional layer of bureaucracy risks hindering the organisation and restricting its ability to make decisions. It could also lead to members feeling more disengaged, with Council appearing more remote and less accountable. On reflection, the GRC has concluded that a Members' Senate would add complexity, cost and bureaucracy to the governance framework without any obvious significant improvements that cannot be achieved in a simpler way.

Of the Top 100 charities by income, 4% have some form of Members' Senate or similar body

2. Simplifying the rights of membership

As explained on page 8 of this report, currently some governance rights are automatically given to members after a period of one year's subscription (Associate Members receive the right to vote in Council elections) and additional rights are awarded to those who select to become an Ordinary Member. In practice many members do not understand this distinction and are unaware of the process.

The GRC plans to recommend a move to alignment of governance rights so that all members (whatever that may mean for Which? and its membership model in the future) can participate in the governance of the organisation if they choose to do so. This would have a variety of clear benefits including:

- A simple membership rights structure that is easy to understand with parity of participation for all
- A larger pool of potential candidates for Council (although changes to the appointment routes for Council members could also achieve this)
- Opportunities for a wider range of members to engage with the way that Which? is run and to influence the work it chooses to do

Simplifying the rights of membership would widen participation for all and provide a framework within which decision making could become more representative of the whole member base. However, any alignment of member governance rights needs to be achieved in a way that gives rights to, but does not impose obligations on, members unless they have positively agreed to them. The GRC has concluded that this is not possible under the formal Companies Act framework. Alternative ways of achieving this are being reviewed and we expect to recommend that Which? moves to implement this change as it evolves its membership model to drive member participation and understanding.

'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 Christopher Kelly, The Co-operative Group and The King's Fund

With this in mind, the GRC has looked at two options for widening participation:

1 Introducing an additional members' body to sit between Council and Ordinary Members (a 'Members' Senate').

2 Simplifying the rights of membership so that more members can choose to participate in the governance of the organisation. The GRC's view is that this has a range of benefits allowing for wider participation and simplicity.



GOVERNANCE FRAMEWORK

Which?'s governance framework has evolved over the years and has not been reviewed comprehensively for a long time. There is a perception that the current governance framework is complicated and confusing, and that the organisation lacks accountability to members. In addition, the feedback we received points to ambiguity around roles and responsibilities and a sense that work is often duplicated and decisions take too long.

In the *Future Governance of Which?* report we explained that Which? is a charity with its charitable and policy work entirely self-funded through its commercial subsidiaries undertaking commercial activity for social good. The GRC set out to understand whether the current legal structure, within which the group operates, is the most effective structure to support both its charitable status and its mission to tackle consumer harm. To do this we have considered alternative legal structures to identify the strengths and weaknesses of the current set up as well as to identify the structure we believe is most likely to enable the aims of the organisation in the future. It should be open, agile and accountable, making the organisation easy to understand and easy to lead (refer to framework diagram on page 20-21).

The question we have sought to answer is whether these objectives are better met by keeping the current model and refining it or by considering the introduction of a new legal charitable structure.

There are two possible options:

1 One Board instead of a separate Council and commercial board. Achieved either by the Consumers' Association alone undertaking all activities, or by changing the makeup of the governing bodies of the charity and its commercial subsidiaries so that their compositions are identical.

2 Improving the existing framework by finding ways to speed up decision-making and increase transparency and clarity. The GRC's current view is that there is merit in embracing and improving the inherent and potential strengths of Which?'s existing governance framework.

Option 1: One Board

This involves moving all commercial activity to the charity and winding up the organisation's commercial companies. However, after an in-depth review of charity law, the GRC has concluded that this is not feasible. In order to thrive in a competitive market, Which? relies on vital funding from its commercial subsidiaries. The One Board approach would restrict Which?'s commercial model, depriving consumers of the range of products and services they currently enjoy, as well as restricting what the organisation could offer in the future. This would prevent Which? from achieving its stated aims.

The GRC also looked at aligning the composition of the Council of trustees and the Board of Which? Limited, so that the trustees of Council and the non-executive directors of Which? Limited were the same people. This option seemed initially attractive because of the potential benefits of providing greater oversight of Which? Limited's work, and less duplication of effort. However, it is clear that there is real value in having a diverse range of skills, experience and perspectives. Furthermore, the skills and perspectives needed to be a trustee are often different to those required for a director of a commercial business. Aligning membership of the two bodies could, therefore, have a negative impact on the effectiveness of the operation and oversight of them both.

93 of the top 100 charities, have at least one commercial subsidiary

Most importantly, the Charity Commission's guidance highlights, in particular, the importance of a charity's commercial subsidiaries operating at arms' length from the charity and for there not to be a complete overlap in the composition of their governing bodies. This being the case, many of the possible benefits of this option disappear.

Option 2: Improving our existing framework

Having assessed the option of One Board and concluded that it is not feasible, the GRC looked again at Which?'s current legal model and governance framework. We concluded that the legal model is standard and indeed is used by many large and complex charities. We believe that Which? should retain the inherent strengths of this current model. As it stands, the model is capable of delivering;

- **Reliable income:** gives the charity a source of income which is not reliant upon government policy or benevolent funders
- **Maximum expertise:** encourages those with the right skills and expertise to oversee the relevant part of its business
- **Future-proofed:** provides the flexibility necessary to compete in an increasingly crowded marketplace
- **Protects from risk:** gives freedom to test new ideas without putting the charity's assets at risk
- **Cost effective:** flexible enough to be improved in a cost-effective way

The problem lies more in the way the model is operationalised than in the basic structure. First, there is a need to move towards a more simple and modern style of constitutional document. We expect to recommend to Council that this is brought to the members at the AGM.

Second, as the GRC concluded in the *Future Governance of Which?* report, the organisation needs to more clearly articulate its values. We are pleased that this has been taken forward as part of the strategy review.

Alongside this, Which?'s internal governance framework can be further strengthened. Our aim is to recommend a governance framework to Council that achieves the following:

- **Greater clarity:** everybody understands how and why their respective roles and responsibilities contribute to Which?'s overall mission for the benefit of consumers
- **Greater responsiveness:** group committees, focus groups, and individual expertise are used flexibly to support decision making and to respond when risks change.
- **Greater trust:** everybody trusts that the framework is robust, transparent and reflects the values of the organisation.
- **Greater empowerment:** the clarity of responsibility, speed of reaction and robust risk-based framework promotes a level of trust which empowers every body to perform their own role with confidence and assurance, speeding up decision making.

Therefore, we think moving to a more risk-based governance framework may be the best approach. This will ensure everybody in Which? works within a framework that balances appropriate oversight and controls against the degree of risk and importance of any particular decision. However, further work is necessary to articulate and rigorously test how this will work in practise.

Finally it is worth noting that we believe that the inherent strengths in the legal model and the modernising of the constitutional documents and governance framework will be used to even greater effect when combined with the changes contemplated in the previous section (Valued Membership Network) and the next section (Excellent Stewardship) of this report.



EXCELLENT STEWARDSHIP

In the next three years Which? wants to become the pre-eminent force driving positive impact for and with UK consumers. This makes it crucial to consider how best to empower trustees to help them deliver on Which?'s mission for all UK consumers by upholding the values of the organisation, managing resources and leading a culture of excellence through the organisation. This starts with the recruitment of a diverse set of skilled trustees and a clear definition of the role that they play.

As the Charity Governance Code puts it:

'diversity, in the widest sense, is essential for boards to stay informed and responsive and to navigate the fast-paced and complex changes facing the voluntary sector. Boards whose trustees have different backgrounds and experience are more likely to encourage debate and to make better decisions... Boards should try to recruit people who think in different ways, as well as those who have different backgrounds.'

We have heard this too in response to our report *The Future Governance of Which?* and at our February governance event, with 68% of respondents of our survey rating relevant experience of trustees and board members as their number one priority.

In recent years we have seen an ever increasing scrutiny of charities, coupled with frequent changes in the regulatory environment. This has led to increased pressure on charitable governing bodies and high expectations of the way in which charities are governed. Charities are no longer guaranteed a level of trust just because they serve the public good, and the punishment for getting it wrong in the eyes of the public can be severe. This puts particular pressure on individual trustees, who are usually volunteers, and may not have experience of running a public facing organisation with all the difficulties that can entail.

Given this background, and an identified need to improve on the current approach, we have considered the following three areas:

- Trustee recruitment process
- Trustee election and appointment processes
- Trustee tenure periods

We believe that the proposed changes in these three areas, when combined, will deliver the greatest transformation.

CURRENT TRUSTEE APPOINTMENT PROCESSES

Council of the Consumers' Association is currently made up of up to 15 people, of whom nine are elected and six are co-opted. All trustees must be Ordinary Members of the Consumers' Association.

Candidates for election must be Ordinary Members by the time the nominations processes close and have their nomination supported by five other Ordinary Members. Elected trustee vacancies have historically only been advertised to the existing membership base. While Council has highlighted particular skills and experience that it would benefit from in candidates for election, it has no ability to assess competency in those nominated and how they add diversity of thought to Council. Elected trustee candidates are voted for by Ordinary and Associate Members and their appointment announced at the AGM.

Co-opted trustees are recruited and appointed directly by Council, with the process led by Council's Nomination Committee. In recent years, all roles have been advertised to the existing membership base and, in some circumstances, professional trustee search agencies are used. Shortlisted candidates are invited to a panel interview, with the preferred candidate recommended by the panel to the Nomination Committee and Council who makes the formal appointment.

Trustee recruitment process

Historically, Which? has only advertised for elected trustees through its magazine. This year it is trialling new ways to increase awareness of the roles available, explain the required core competencies and give greater insight into the role and its responsibilities. This includes more prominent advertising in Which? magazine and via email, an enhanced trustee recruitment section on the website including videos and profile pieces and advertising on other platforms, including LinkedIn.

In addition, Which? is:

- re-focusing its skills and experience recommendations for elected trustees towards a common set of core competencies, which will also apply to co-opted candidates
- revisiting the induction programme, to ensure it is thorough and engaging
- developing a new programme to ensure trustees receive sufficient training and development throughout their time on Council
- new trustee role profiles, including for committee roles

The GRC is supportive of all this activity. It hopes that it will help the organisation attract a more diverse set of trustee candidates, with wide talents and a broad range of skills and experience. In light of this activity, the GRC has decided that the most appropriate course of action is to encourage Council to monitor the progress of the outlined activities, keep its recruitment processes under review and regularly assess the skills the organisation needs to help it deliver its new strategy.

Trustee election and appointment processes

There are currently a few barriers in the election and appointment process for trustees which are preventing wide representation. The lack of diversity in Which?'s broad membership base (skewed towards the 65+ age group, an affluent social background, weak representation in some UK regional locations) has been a problem for many years. This relative homogeneity is then reflected in the make-up of its trustees – since they are drawn from the membership body.

If membership numbers continue to fall, this problem is likely to get worse, unless

changes are introduced to encourage a broader membership base.

These limitations currently prevent the organisation from reliably building a Council with the range of skills and experience sufficient to oversee the complex range of activity undertaken by Which?.

The election process itself also has a number of issues. Many find the election process off-putting and this deters potentially strong candidates from standing in the first place. It can be difficult for Council to identify the specific skills and experience gaps which need to be filled. Feedback has also shown that it is often hard for members to judge who the best candidates for election are – especially for those who do not feel they have sufficient knowledge of the available candidates.

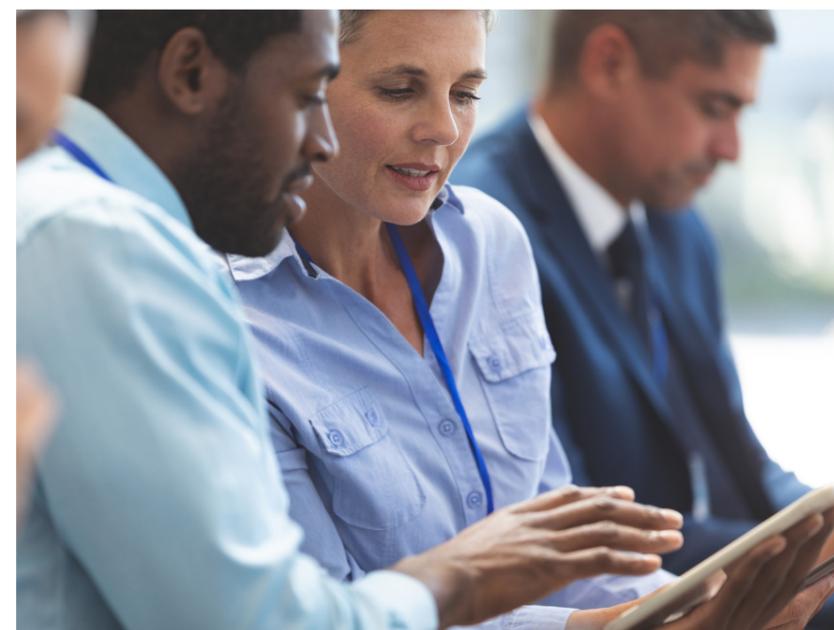
The current election arrangement is also not best serving Council in operating as a collective and being jointly responsible for decision making, partly because different routes to appointment and separate terms of office can lead to a feeling of separation between elected and co-opted Council members.

CASE STUDY CO-OPERATIVE GROUP 2014

In 2014 Lord Paul Myners conducted a Governance Review of the Co-operative Group following its largest losses in its 150 year history. He identified a weakness in the Group's governance and inadequate collective capability on its Group Board. He also pointed to a lack of understanding of the Group Board's role, and an excessively complicated structure, which needed to be simplified. The Governance Review was initiated to try and address these concerns.

A key recommendation was to reform the Group Board, and to prioritise candidates capable of holding the executive to account, and who could be assessed through a Nominations Committee.

Consequently, the Co-op has gradually changed their Board into one containing highly qualified trustees, possessing the right skills and experience. All appointments are now filled on the basis of objective criteria from among the membership and re-elected every three years by the electorate. The new Group Board is committed to its co-operative values and, with its make-up matching the quality of the boards of competitors, it can exercise leadership and maintain effective oversight of the Executive in running a large complex business.



Having reviewed the current election and appointment processes, the GRC expects to recommend a single, simple route to appointment and/or a competency assessment, or ‘skills gateway’ before trustee candidates can be appointed.

In so doing we recognise the significant experience and talent which exists in the current membership base. We support the process of advertising vacancies to members specifically. We also support the current requirements for trustees to be Ordinary Members on appointment as an important sign of commitment to the organisation. However, the current membership base is shrinking and we are not therefore supportive of any requirement to be an Ordinary Member pre-appointment – it automatically limits the candidates who apply and does nothing to improve diversity in particular.

With these points in mind, we have developed the following alternative options, each designed to ensure that Which? can

recruit the right mix of diverse trustees with the right skills and experience to ensure the organisation is held to account and fit for the future.

The Nominations Committee

The Nominations Committee is responsible for the Council and Board recruitment and appointment process, succession planning, governance of the election procedures, and ensuring that there is an appropriate mix of skills, expertise and knowledge represented. Co-opted trustees are recruited and appointed directly by Council, with the process led by the Nominations Committee. Under each of the proposed appointment process options set out above, the role of the Nominations Committee will need to be strengthened as it becomes increasingly important and takes responsibility for developing a common set of robust competencies.

Charity and company law rules and governance codes make clear that the primary responsibility for determining

Option	Benefits
<p>1. Appointment model All trustees would be appointed by Council following a search and selection process led by a Nominations Committee with up to two independent members. The current ballot and election process for elected trustees will end.</p>	<p>This option would improve the skills, experience and diversity on Council. It would allow Council through the Nominations Committee to appoint candidates that fill identified skills gaps and improve diversity. All Trustees would be appointed in the same way, reflecting the fact that they have the same duties and responsibilities to the charity and UK consumers</p> <p>However, this option, does not provide for direct accountability of trustees to the consumers the charity exists to serve</p>
<p>2. Member approval All trustees would be appointed by Council following a search and selection process led by a Nominations Committee with up to two independent members. The current ballot and election process for elected trustees would be replaced by an annual approval vote of trustee appointments by Ordinary and Associate Members in the year in which a trustee is first appointed.</p>	<p>This option allows Council to appoint the best person to a vacant role with the most appropriate skills, while also increasing accountability to members, placing the onus on Council to explain why a trustee has been appointed and the value that they add.</p>
<p>3. Modernised ballot and co-option model A majority of the trustees would continue to be elected directly by members through an annual ballot. Candidates for these elected positions would be eligible to stand after passing an interview undertaken by a Nominations Committee.</p>	<p>Helps to address the problem of skills and experience of elected trustees by increasing the level of assessment required before being eligible for election by members.</p> <p>However, there will still be two types of trustees and the election information provided to members still makes it difficult for them to make a decision. In addition, it makes it difficult for the Nomination Committee to ensure an overall balance in the composition of the Trustees on the Council.</p>



the composition of trustees should sit with the trustees themselves. However, the GRC believes that the committee will benefit from the expertise and scrutiny provided by additional independent members. This should ensure that the organisation recruits appropriately on a balanced and outward-looking basis. We therefore envisage that the Nominations Committee would consist primarily of trustees but also include one or two independent members. We are keen to hear your views on this proposal.

Trustee tenure periods

The GRC has considered the importance of tenure limits in ensuring that trustees are awarded with a long enough term in office to make full use of their expertise and knowledge but not so long that they prevent the regular turnover of new trustees coming in to trustee positions. Having a fresh set of perspectives and access to new ideas is extremely valuable to any organisation and should therefore be encouraged.

Current tenure limits are six years for co-opted trustees and nine for elected trustees. The GRC has discussed this and proposes to align with the Charity Governance Code which means a change from the current system to instead, a maximum term of nine years for all trustees. We do not envisage a right of return.

We recognise that long-serving trustees have extensive knowledge and experience which is greatly valued by the organisation. The changes to trustee tenure will make the expertise of all trustees available for a longer period. In addition, The GRC plans to recommend that Council considers how best to acknowledge and retain the knowledge and history of Which? that particular trustees will continue to offer once their tenure has ended, outside of the formal trustee role.

CONCLUSION & NEXT STEPS

This report sets out a range of options to strengthen Which?'s future governance, with the aim of creating a framework that provides expert and effective oversight, remains open, agile and accountable, allows Which? to be representative of the diversity of contemporary Britain and makes the organisation easy to understand and easy to lead. All of this should enable us to ensure Which?'s governance to comply with best practice in today's world and into the future.

We have identified three key priorities in this report:

- growing engagement and simplifying the rights of membership
- refreshing the governance framework by adopting a more simple and modern style of constitutional document and strengthening Which?'s internal framework to achieve greater clarity, responsiveness, trust and empowerment
- adopting new trustee recruitment and appointment processes to ensure trustees are able to provide excellent stewardship for the organisation.

Having laid out the case for change, we want to have an open discussion with members and other stakeholders about what needs to happen next before we make recommendations to Council on the proposals contained within this report.

We are seeking your views on the three areas we have covered in detail and which we believe are the priorities for improving Which?'s governance arrangements. There is a full list of questions to consider on page 19 of this report.

We also welcome your views on any other ideas, areas or proposals relating to this Governance Review that will help us secure the long-term success of Which?

How to give us your thoughts

You can feed back your ideas, thoughts and opinions on this report by visiting the following web page and completing the survey – www.which.co.uk/about-which/company-info/3496/the-future-governance-of-which

To find out about the other ways you can give your feedback and get involved, please keep an eye on the governance page of our website and relevant emails from us.

After this further period of consultation, we will review your feedback and develop our findings into our final Recommendations Report, which will be available in early Autumn 2019. Council expects to bring those recommendations it supports which require a member vote to the AGM in November. Any changes that require a vote will be decided then.

We look forward to hearing your thoughts, and thank you again for engaging in this important process.

CONSULTATION QUESTIONS

PLEASE SHARE YOUR VIEWS ON THE FOLLOWING TOPICS:

Q1 - Valued membership network

Please give us your thoughts on the proposals to enable more members to participate in governance - either through greater opportunities to get involved, or by simplifying the rights of membership?

Q2 - Governance framework

What is your view on the proposals to improve Which?'s existing governance framework? Do you believe that it can lead to a governance framework that achieves greater clarity, responsiveness, trust and empowerment?

Q3- Excellent stewardship

What is your view on the three trustee appointment and election options set out? Does one stand out as being more important to you, and why?

Q3b- Excellent stewardship

And do you have a view on the proposed changes to trustee tenure?

Q4- Ask us a question

Do you have a question about this report or the governance review that you would like answered by a member of the Governance Review Committee?



How to develop the role of members in governance and empower Which?'s legitimacy with an improved membership proposition which is attractive to a more diverse set of people and built on effective dialogue to provide deeper engagement and participation.



How to ensure Which?'s governance framework is most able to support the aims of the organisation in the future, making it easy to understand and easy to lead.



How to best ensure the delivery of Which?'s mission through stewardship by trustees built on the provision of expert and effective oversight, representative of the diversity of all UK consumers.

CURRENT GOVERNANCE FRAMEWORK



