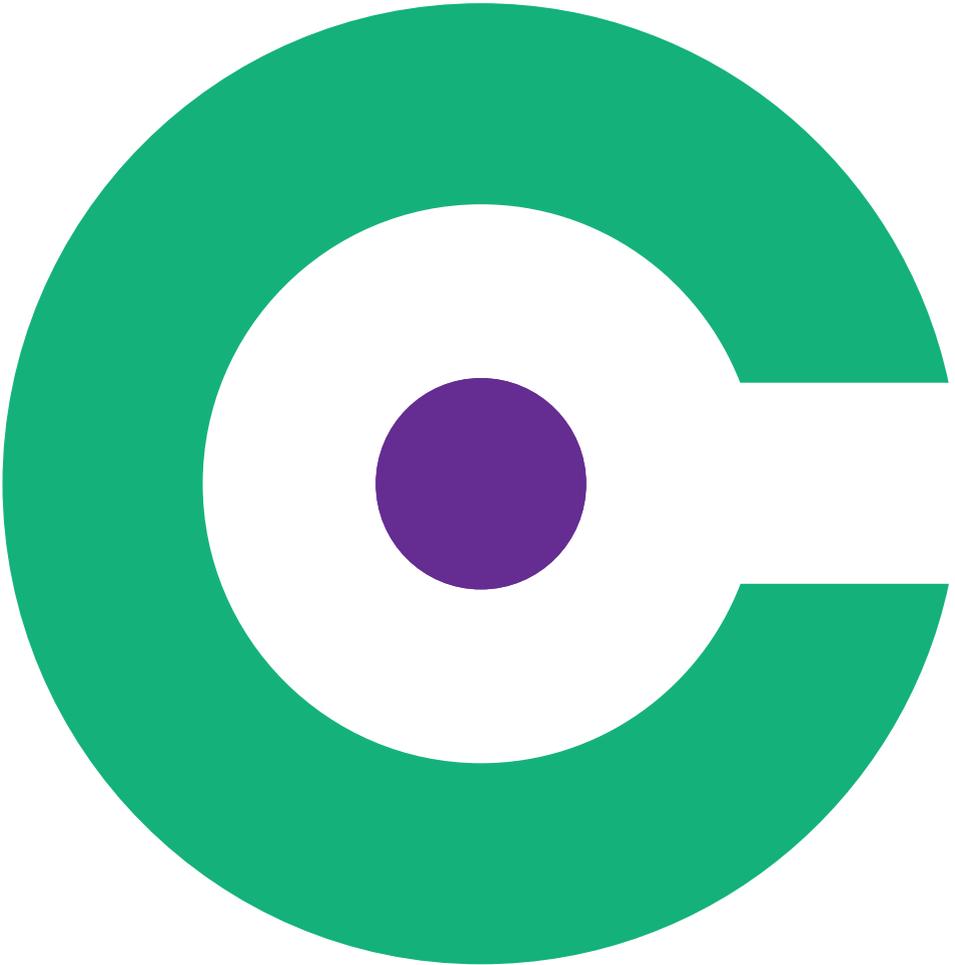




Association
of Chairs



Making board committees work



The Chair's Challenge Series

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About the Chair's Challenge Series

There are some topics that pose particular challenges for the Chair of the board, but on which there is little guidance written from the Chair's perspective. The Chair's Challenge Series is our new programme of briefings and events to explore these issues. Our briefings will identify key issues for Chairs, direct you to what already exists that is relevant and useful, and draw on the experience of Chairs and others to offer ideas and suggestions for how you can manage the challenge.

Our supporter

Cazenove Charities is the UK's largest investment manager of charitable assets and currently work with over 820 charity clients to achieve their investment objectives. The team of 25 charity specialists has a track record of generating strong risk-adjusted returns with a commitment to responsible investing. Training and events as well as partnerships with bodies such as Association of Chairs reflects the team's focus on collaboration with the sector.

Our media partner

We are grateful to Third Sector for being our media partner. for the Chair's Challenge Series.



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Making board committees work

Foreword

Cazenove Charities is delighted to support the Association of Chairs' first briefing in the Chair's Challenge Series. Effective boards and committees are crucial in helping charities achieve their mission and aims. This briefing provides a concise and practical summary, which looks to help charity Chairs get the most out of their committees and ultimately help the charities achieve their aims. The authors have highlighted their top tips as 'three Ps' that define the committee's purpose, ensure the people are appropriate and measure the committee's performance.

In my own experience as a committee member and as a regular attendee at finance and investment committees, even practised Chairs are likely to find some useful tips within the guide.

We are looking forward to sharing the findings with our clients and the sector.

Giles Neville

Head of Charities, Cazenove Charities

Introduction

Many charity boards are supported by committees, working groups or advisory panels to help them with their work. A well thought-through committee structure can really help a board be effective by freeing up time on the board agenda, extending the capacity of the board to look at issues in detail and providing assurance and a flow of ideas.

Committees can lose their way in different ways – struggling to attract and retain good members, losing focus, getting over-involved in the work of the staff, consuming too much resource while producing little, developing agendas of their own or even being used as an alternative power base to rival the board. The work of committees can be unglamorous and it can be difficult to keep people motivated.

The challenge for board Chairs is to ensure board committees are energised, focused and add value to the work of the board, enabling the charity to achieve its mission.



Committee fundamentals

- Agree clear terms of reference, including:
 - Purpose and objectives
 - Membership, including how members are selected
 - Any powers that have been delegated
 - Size and quorum
 - Frequency of meetings
 - Lifespan
 - Reporting arrangements to the board
 - Recording of decisions
- Ensure you have appropriate skills and experience on the committee
- Clarity about reporting back to the board
- Regular reviews of role and performance

Existing knowledge and guidance

A brief review of existing research and resources found lots of advice on structure and process, but less on people issues.¹ There was little written from the board Chair's perspective or about their role.

The best committee structure for your board will depend on your charity's size and activities, how it is regulated and where the organisation is in its life cycle.

A survey² of the largest 500 charities found that charities establish a rich variety of committees, finding 180 different types of committee from the most common, such as audit, finance, investment, nomination and remuneration committees, through to committees which address specific policy areas, regions or local neighbourhoods. Larger charities often have a governance committee focused on the operation and development of the board.

Despite this diversity, we have found that there are some common issues that are relevant for all Chairs.

The Chair's role

Stating it simply, committees are there to serve the board, enabling it to maintain effective oversight and make well-grounded decisions. As the Chair of the board, you have a key role to ensure they succeed. While the board delegates authority to a committee and its Chair for the work and conduct of their committee, you have an important coordination and oversight role, and have a contribution to make in ensuring your committees have the necessary talent.

Benefits of committees

- Provide an opportunity to bring in new skills and perspectives (if your constitution allows you to appoint from outside the board)
- Expand the capacity of the board and free up time on the main board agenda
- Enable important work to be progressed without involving all trustees
- Provide an opportunity to bring in new talent and assess their potential as future trustees
- Provide development for committee Chairs and help you identify potential successors to the role of the board Chair
- Provide an opportunity for trustees and staff to get to know each other better
- Enable board members to understand the work of the charity better
- Enable a topic to be considered in depth
- Disperse work and potentially power too
- Can be a source of creativity and innovative thinking

Attention to the following **Three Ps** may help you ensure the board gets the best from your committees:

Purpose

Whether you inherit a committee structure or are setting up a committee for the first time, the key task is to be clear about its purpose, and how it contributes to the work of the board and so to the success of the organisation. This clear line of sight to the mission of your charity is important. If you cannot articulate the value of the committee's work, you'll struggle to engage and enthuse others. Lack of clarity of objectives means committees are more likely to get distracted, become moribund or compete with each other or the board unhelpfully.

People

The next area of focus is ensuring you have the right people on the committee and that they are appropriately supported. As board Chair one of your key tasks is understanding what each of your board members potentially has to offer and finding the best ways for them to contribute. This may include chairing or serving on a committee. With a clear purpose established for the committee, you can identify the skills and perspectives it needs. It's worth spending time on getting the right people and it's an ideal opportunity to bring in new talent.

Performance

Having identified an important purpose for the committee, you need it to deliver. If it does not, it is wasting the time and resources of the charity, including trustees, volunteers and staff. It may also leave important work undone. You can help the committee Chair to set goals, report effectively and review the committee's performance.





Create a compelling statement of how the committee contributes to the work of the charity

Purpose

With your board, agree the work that needs to be done on the board's behalf. Create a compelling statement of how the committee contributes to the work of the charity. This will help keep the Committee focused and motivated. Certain tasks are particularly suited to committees. For example, where a task:

- requires detailed scrutiny that is not practical for the board as a whole to carry out
- needs expertise that is not available on the board
- needs to involve various stakeholder groups³
- provides assurance to the board e.g. checking that policies and procedures are followed, that key compliance duties have been undertaken
- requires fresh thinking.

Some charities create committees that reflect strategic priorities or cross-cutting themes. Instead of mirroring the organisation's departments or management structure, committees with titles such as *programmes and impact* or *insight and evaluation* are becoming more common.

Committees consume a lot of resource, so it's worth considering first whether an alternative would work better. Examples of alternatives:

- **A task and finish group** is good for dealing with specific projects or activities, particularly time limited ones. Agree the scope and time frame for the group's work and how it will report back to the board. (Examples include: overseeing the implementation of a new information management system; a move to a new building; or the collection of stakeholder input for a new strategy.)
- **An advisory panel** to advise the board on key issues on an on-going basis. For example, a medical charity might have a panel of experts to advise on research priorities.
- **Portfolio (or linked) trustees** It can help to identify a trustee who can bring expertise in a particular area (such as safeguarding, fundraising or digital expertise) to cover a portfolio. Such roles are not designed to make the trustee concerned specifically accountable, nor to direct the work of the charity's staff. Instead they



Ensure that the board's focus is on strategic issues

are intended to enable a board trustee to drill down into an area; to ask questions that the board doesn't have the time to cover and to provide a critical friend for staff.

- **Informal Chairs' group** typically made up of the Chairs of the committees and other key honorary office holders in the charity can help to coordinate work, aid communications, and consider issues which might straddle committees. They can also be a helpful sounding board for the CEO and senior staff. Take care though that it does not slip into taking decisions that belong to the board, or replace proper scrutiny by the board.

Essentially, as board Chair you want to ensure that the board's focus is on strategic issues. Committees (or the alternatives outlined) focus on detailed or specific issues and report back on delegated tasks (especially regulatory and legal duties). They provide information to support the board's understanding and decision making.

If you have a number of committees, take care to avoid overlapping remits and consider how their work is coordinated. When decisions are delegated and taken via a committee or committees, this may affect the pattern and sequence of committee meetings in relation to board meetings, for example how different committees contribute to strategy or the annual budget process. It's a good idea to agree a board calendar spanning 12 or 18 months which takes account of such interdependencies.

Occasionally it may be helpful for two committees to have a joint meeting e.g. the finance committee and a committee overseeing a significant new project. Co-ordination might be improved by encouraging trustees to attend committees occasionally as an observer.

Powers

With the board, you'll need to decide the powers of each committee. Options include:

Advisory role only for example a committee set up to advise the board on what their users (beneficiaries) feel about the charity's services.

Delegated powers for example, in larger charities an audit committee might be given the authority for appointing new auditors; a nominations committee might be given the authority for managing the process of seeking and selecting new board members. In both cases, the board is subsequently asked to endorse or approve their recommendations. Establish whether the committee has any budgetary authority, and if so the limits.

Whatever the model, you will want to ensure that everyone is clear about the extent of any delegations and respective authority. Ensure the committee has clear, comprehensive written terms of reference. Be clear about the matters that are reserved to the board.

People

Having decided on the purpose of the committee, it is worth doing a simple skills assessment to compare the skills and experience needed with those currently available on the board.

Look for a committee Chair who understands the subject, is good at facilitating debate and skilled at bringing discussion to a clear conclusion. They'll need to have the respect of the committee.

Provided your constitution allows it, external appointments to committees are a great way to bring in specialist or additional expertise, or an independent voice. For example, charity investment committees commonly include specialist investment advisers. Independent people are also seen as helpful in other situations, for example, the role of independent members on an audit committee. Other charities specifically seek people who are service users, or who have lived experience of a condition to help focus on service users' experience.

You also need to be mindful of over-reliance on specialists, especially a single individual. This can be particularly dangerous if that expertise is too narrow, inappropriate to the context or out of date. Think through the nature of the expertise you need and ensure the expert contribution can be understood and interrogated by the generalists on the



External appointments are a great way to bring in specialist or additional expertise

committee. A committee may enable you to bring on more specialists with more diverse perspectives.

Committee membership is not just about technical expertise. It's also about having enough time to attend, ability to both support and challenge staff and an appropriate understanding and commitment to the charity's values and work. Behaviours and style matter. You are looking for people who can share expertise without directing staff or meddling; who are skilled at contributing or asking questions that create new insight rather than creating defensiveness.

Some charities are very keen to have lay or non-expert members on their committees. For example, some hospices appoint at least one non-clinical trustee to the clinical audit committee. Questions from an alternative perspective can be particularly powerful in uncovering hidden assumptions or flaws. Lay membership can also encourage specialists to express themselves in more everyday language that is also more accessible to the board as a whole. Using similar thinking, some boards ask a non-financial member of the finance committee to present the board report. It can help reduce the tendency of some non-financial trustees to disengage from financial matters.

In a membership organisation, there are some special considerations because most or all of the board members will have been elected to serve on the board and, as a result, there may be some skills gaps. A nominations committee may want to consider appointing or co-opting committee members to fill any gaps that have not been filled through the election process.

As well as appointing formal committee members, observers can play a helpful role on a committee. For example, some charities working with younger people regularly invite youth observers to their committees, in addition to seeking younger people to sit on their board.

Be aware that committee members who are not also board members may feel out of the loop because they do not attend board meetings. Making sure that such committee members have access to you as the board Chair and



Behaviours
and style matter



receive regular email updates from you and/or the charity's chief executive help to keep everyone informed.

Support

The need for appropriate support is often overlooked; new committee members will benefit from an induction into the organisation, perhaps by adapting the induction arrangements that are in place for new board members. Offering ongoing training and support also helps to ensure that existing committee members keep their skills and relevant knowledge up-to-date.

It's important to establish realistic expectations between committee members and staff. Committees need staff support, but trustees and committee members can easily underestimate how much staff time is taken to service committees. This needs to be taken into account by you and the committee Chair in planning committee work. It's also worth discussing it with your chief executive.

When committees are doing work that is clearly important to the mission, it's easier to recruit and retain committee members. It's also a good idea to set expectations about committee work when recruiting new trustees, e.g. you may expect every trustee to serve on at least one committee, or to serve on the audit committee in the first year to give them exposure to the range of the charity's work (in particular, the key risks that could threaten its success). The quality of the people selected to sit on committees and their behaviours is key. As the charity's Chair, you will set the tone about how trustee and committee members are expected to behave, and set expectations about how each committee Chair models these behaviours.



Establish realistic expectations between committee members and staff



Discuss priorities and progress with each committee Chair annually

Performance

As the board Chair, you'll want to keep an eye on how the board's committees are performing. You may find the following helpful.

Discuss priorities

Together with the committee Chair, discuss the key goals of the committee for the year ahead and how it relates to the board agenda and priorities. This will help you both to prioritise and coordinate work. An annual session with each committee Chair is also a good time to review how things are going. You can offer encouragement and constructive feedback and explore whether additional support is needed from you, staff, or external advisers. You can also check how long your committee Chair is willing to serve, so you can consider succession and whether the committee's membership needs refreshing. You may want to discuss any insights the CEO and senior staff can offer.

Reporting by committees

Committees need to report back regularly to the main board (though in large or complex charities it may be via another committee). The committee's reports provide ongoing feedback on whether the committee is on track. In the interests of transparency, committee minutes should routinely be made available to the whole board. In addition, for effective communication, a short tailored written or oral report is often more effective.

Whatever method you choose, committee reporting should:

- provide assurance that any delegated tasks have been completed e.g. overseeing the annual audit, a review of advisers, ensuring required audits have been conducted
- escalate issues to the board if needed e.g. significant risks or emerging issues of principle
- offer information to support decision-making e.g. analysis or benchmarking of an area of work
- inform strategic thinking e.g. presenting breakthrough ideas from other sectors or organisations that could be relevant to your charity.





Encourage each committee to conduct an annual review of its performance

If the committee is reporting back on a significant issue or needs an important decision to be made by the board, you may need a dedicated paper and agenda item. There is a danger the full board will want to reopen discussion of matters already considered by the committee. Encourage board members to ask any necessary clarifications on facts prior to the meeting. Particularly for important or controversial issues, it helps if the committee paper includes some background or context and explores how the recommendation was made, e.g. by explaining decision making criteria and the information used. Be clear what the board is being asked to do and the options open to it e.g. accept or reject recommendation or refer the issue back to the committee. If the latter, be clear about why (e.g. give additional consideration to a specific aspect such as cost or a particular risk).

Committee performance review

It's a good idea to include this in the committee's terms of reference. This can include a review of performance against the committee's terms of reference and any goals it has agreed. Has it covered all in its remit, or strayed beyond it? Has its approach been proportional or consumed a lot of resource? How do committee members feel their work has contributed to the charity's aims and beneficiaries?

Committee structure review

Committees can take on a life of their own. Do not be afraid to remove or close a committee when it is no longer required, or to make changes if the structure does not work. This review could be undertaken by the governance committee if you have one, or by a time-limited task and finish group or an external adviser. If one of your committees performs very strongly, consider what the main board and other committees can learn from it.



Periodically review your overall committee structure and any associated working groups

Warning signs

Purpose issues

- The experience of users of the charity's services (its beneficiaries) is not considered by any of the charity's committees.
- A committee decides its own agenda and priorities without any reference to the board.
- There is confusion about who is responsible for what.

Performance issues

- A committee's terms of reference are clear and well set out, but they are not actually being followed by the committee.
- A committee does not appear to be taking any decisions or making any recommendations to the board. There is little to show for its work.

People issues

- Committee meetings are frequently inquorate and overall attendance at the committees is sporadic and patchy. Recruitment is a struggle.
- Committees are at war with each other or with the board.
- The committee lacks the right advice and expertise to consider an issue or take a decision.
- Staff spend too much time writing committee papers and servicing committees, distracting them from other activities that would benefit the charity more.

What you can do

With your board, look again at purpose, establish clear line of sight to the mission, as well as the beneficiaries.

Rather than looking at committee terms of reference one by one, consider them as a whole, how do they fit together?

Work with the committee Chair to understand why. Agree priorities for the coming year. If necessary refresh committee membership.

If necessary bring new terms of reference to the board or consider disbanding or re-structuring of the committee.

Review the purpose of the committee. Clarify its contribution to the mission. Initiate discussion with committee members.

Bring committee Chairs together or revisit their respective goals for the year. If their remits are overlapping clarify who owns what and the impact this may have on the pattern and sequence of meetings. Consider a joint session of the committees. Consider adding a specialist adviser to the membership or seek paid professional or pro bono advice and guidance.

Discuss with the CEO and Chairs of the committees. Agree action and work out how best to communicate the changes to relevant stakeholders.



Visibility

There is value in ensuring that your board is seen to be in active support and generally visible to the committees (as well as to staff) to ensure a common cause and help to build good relationships at all levels. Holding events or finding opportunities for trustees and committee members to be together can help to avoid silo working.

There are pros and cons to a charity's Chair attending committee meetings. If you are going to attend a committee meeting, consider the value that you will add. A newly formed committee, in a newly established charity may benefit from your experience and advice. Some board Chairs prefer not to attend committees because they are confident in the work of the committees, and they feel that their attendance at such meetings confuses roles and responsibilities.

Finally, there are special considerations for an audit committee. Such committees should not be chaired by the board Chair, although the board Chair may attend their meetings as a member. They are often used as the forum to consider alleged misconduct or wrong doing and to review whistle-blowing arrangements. The audit committee should also have the opportunity to meet alone with the charity's auditors (if applicable). At least one member should have substantial recent and relevant financial experience.



Committees can, and do, provide excellent support to boards

In conclusion

Committees and other working groups have great potential to enhance the work of your board. But with so much to do, it's easy to neglect them, so that over time they can become problematic. But committees can and do provide excellent support to boards and tap into the expertise and commitment of committee members. If you and your colleagues are willing to invest time and thought, you may find your committees produce racehorses rather than camels.

End notes

- 1 *Making board committees work*, a literature review. Gemma Sykes, Association of Chairs, October 2017, www.associationofchairs.org.uk
- 2 *Delivering Effective Governance: Insights from the boards of larger charities*, Mike Hudson & Jacinta Ashworth, 2012, Compass Partnership and Centre for Charity Effectiveness at Cass Business School
- 3 *Managing without Profit: Leadership, governance and management of civil society organisations*. Mike Hudson, 2017, Directory of Social Change, 4th edition



The Association of Chairs champions good chairing in the voluntary sector.

We support Chairs and Vice Chairs of charities and non-profit organisations to lead their boards effectively and so ensure delivery of the organisation's mission.

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