Knight Charity Governance

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CHALLENGES



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The Governance of Challenges

It can be tough governing a charity. Although sometimes the work appears straightforward, at other times there can seem to be an unwelcome sequence of challenges. The governance of the charity during such times is quite a fine art.

Here are a few tangles you might come across!

1. **Finances:** Financial difficulties have so many permutations owing to circumstances, severity and the position of a charity when the challenge arises. The governance to address these can include risk management, strategic planning, agile thinking and downright determination. Other priorities may well need to be sidelined and the frequency and type of reporting and decision making significantly changed.

2. **Succession:** No trustee or senior leader should be in post forever or considered indispensable; a good leader should be working towards their own succession. The skills and experience someone brings to a role and its demands should form the basis of a succession plan, which should be in place in good time. Equally, you may find you need to expand the collective skill set. This all sounds ideal, but succession difficulties do arise as a result of circumstance or a gap in planning, so this may require external support to resolve.

3. **Major projects:** To state the very obvious, these need both planning and managing - they don't run themselves! Whether a project is well established and the charity's raison d'être or is a new venture, it needs to fit your aims and strategy and then be managed and monitored as to its own particular features as well as its effect on overall finances. Risk management, staffing, impact and specifics like data and safeguarding are also likely to be involved. Trustees and senior leaders must oversee all this, like a version of the charity itself.

4. **Serious incidents:** In one sense, events of this nature are an inevitability and leading in response is a reflection of risk management and overall governance. But for charities, there is a type of situation which also qualifies as needing reporting to the Charity Commission and the ongoing management will then need to take account of what the Commission directs. Any charity with more than modest size and risk should have a Serious Incident Policy alongside its Risk Management System.

5. **Merger and transfer:** Although a radical move, these can ensure survival of the work of a charity in serious difficulty, by continuing 'under new management'. They can also be undertaken in anticipation of challenging circumstances or to increase the strength or reach of two charities: the geographical area, people benefitting or services delivered might be improved by a merger or transfer. Such a step is a major project and needs the strategic planning and careful implementation it merits.

6. **Critical systems:** Financial management, administration, data management and regulation are all necessary for every charity and run through the entire operation; they are critical systems. There are also other matters, like staffing and safeguarding, which are core to many charities. You must have a way to ensure these systems are embedded throughout the charity so that changes or threats can be responded to with speed and agility to preserve the charity's health and viability.

7. **Complaints:** This should not be the negative focus it may seem, because how you handle the disappointment of beneficiaries or the general public reflects the seriousness of your mission. You can learn so much through addressing difficulties. And preparing for a negative outcome can also help you plan to avoid it in the first place, because if you imagine the scenarios which may lead to complaints then your ways of working can minimise the risk.

8. **Regulatory intervention:** The Charity Commission, Fundraising Regulator, Information Commissioner, HMRC and any activity-specific regulator relevant to your work are all there to oversee the rules designed for an orderly and protective operating environment for charities. With robust governance, your charity's involvement should be limited to annual reporting and occasional support, but you should also be ready to respond to any specific issues.

9. **Crystallising risks:** Risk management concerns the period before an event occurs and which may never occur at all; but you must also have an agile, swift and effective response if such an event does occur. The governance of your response will vary from event to event, some being routine and with modest impact but some may have far reaching consequences and take great resource. Situations may not always be within your control but your response is.

10. **Closing down:** Sometimes a charity has run its course: the energy, urgency or currency may have dwindled, or there is simply a better way to ensure the ongoing work than through the charity in question. Closing down can be a good last act and deserves as much governance focus as the charity's previous work. The conclusion of existing work and fate of remaining funds and other assets must all be overseen in the best interests of the charity's purposes.

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