



# CAPLOR HORIZONS RIPPLE PAPERS

*...creating ripples of change*

## Essentials of Governance

**Rosie Bishop**

**Dr Peter Moore**

**Lorna Pearcey**

**Dr Ian Williams**

*Learning differently*

*Thinking differently*

*Acting differently*

## Contents

	<b>Page</b>
Summary	3
What is the 5M Model of Effective Governance? And why is it relevant today?	4
1. Introduction	8
2. What Is Effective Governance?	10
3. How Can We Achieve Effective Governance?	14
3.1. Mission	14
3.2. Monitor	19
3.3. Money and Risks	20
3.4. Motivate and Hold Accountable	21
3.5. Maintain Board Development	23
3.6. Board Meetings	28
3.7. Committees	30
3.8. The Role of the Individual Board Member	31
3.9. The Role of the Chair	33
3.10. The Role of the Treasurer	33
Appendix 1: Key Principles for Groups of Organisations and Governance Implications	35
Appendix 2: Ken Burnett's 21 Key Aspects of Good Governance	38

## Summary

This is a one-page summary; it is extended for a further four pages to provide an overview of the main model in this paper and why it is relevant given the issues that not-for-profit organisations face today.

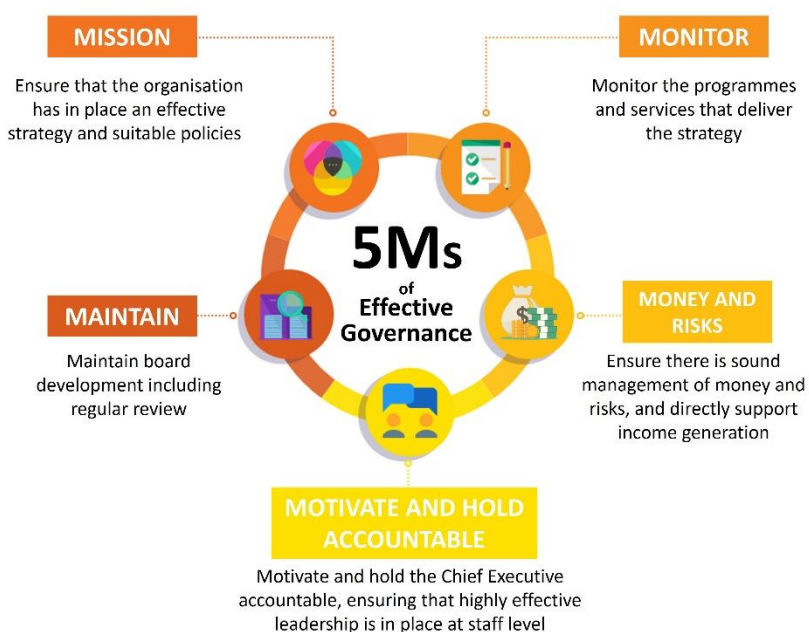
This paper is about governance in Non-Governmental Organisations (NGOs). Governance can be defined as how an organisation makes sure it delivers what it was set up to achieve.

A great deal has been written about governance and there is a wealth of valuable information available. Therefore, after the summary, an introduction sets out what this paper is and what it is not.

The practical details in the paper focus on NGOs that are registered charities in Wales and England with staff members and governing boards. This geographically based distinction gives the clarity of a single regulatory context. NGOs across the world need to consider governance against the backdrop of various specific circumstances that they face. These circumstances include, for instance...

- *Cultural factors* – these influence various aspects of governance, notably decision making.
- *Legal and regulatory matters* – these have implications for how the organisation acts.
- *Size and stakeholder considerations* – these link to whether an NGO has staff or not or members or not
- *Groups of organisations* – NGOs may be linked together to enhance their effectiveness. Appendix 1 presents some key principles for such groups of organisations and explores their implications for governance. For example, members of a strategic alliance might influence each other's organisational strategies; this has governance implications for all the boards involved.

After the introduction, the paper provides some well reputed examples of frameworks about governance. The paper then introduces a '**5M Model**' for effective governance. The Model concentrates on: (1) **Mission**, (2) **Monitoring**, (3) **Money and risks**, (4) **Motivate and hold the Chief Executive accountable** and (5) **Maintaining board development** (see diagram). Following this, specific guidance about effective governance is given (e.g. about Board meetings, the Chair's role, etc).



## What is the 5M Model of Effective Governance? And why is it relevant today?

### The 5M Model

**This is an integrated model with five elements vital to bringing about effective governance.** It has been designed to highlight what we consider to be most important elements whilst also being memorable, concise and widely applicable. The 5M Model was created by Peter Moore, one of our Advisors.

### Mission

**This involves a not-for-profit board ensuring that the organisation has in place an effective strategy, along with the specific policies that it adopts;** also, it involves enabling the strategy and policies to be robustly renewed - and dynamically changed as necessary - so that everything remains relevant. Understanding the present and future context is a key part of this role.

- The main elements of strategy might typically include: vision, purpose, mission, values, beliefs, call to action, strapline, envisaged future, strategic goals plus priority activities to achieve these goals (often over 3-5 year timeframes); also short term implementation plans (normally over one year).
- The 'mission' element of the strategy is important from a governance standpoint; hence it is flagged in our model. It can be a centre point around which the rest of a strategy is renewed, especially when an organisation wants to lift horizons to bring about transformational change.
- The strategy renewal process itself – including the nature of the board's engagement – is as important as the resulting strategy. Dialogue between board members, staff and other stakeholders provides opportunities for relationship building. Strategy cycles are becoming shorter. The need for strategic dynamism, flexibility and resilience has never been greater

### Monitor

**This involves ensuring that the programmes and services that deliver the strategy are effectively monitored.**

- Whilst staff and stakeholders (e.g., delivery partners) will be implementing activities, the board needs to understand the practical difference that it is making; this is taking into account the inputs, outputs, outcomes and impact of its programmes and services.
- The measurement and reporting of 'impact' is especially significant for governing bodies. Robust evidence of impact, and taking focused steps to strengthen it, are very important. The evidence can be either quantitative or qualitative.

### Money and risks

**This involves ensuring there is sound management of money and risks, plus the board directly supports income generation in one form or another** (which may include fundraising from different sources, like trusts and foundations, as well as generating earned income, such as from the sale of goods and services).

- We deliberately highlight money. NGOs can sometimes under-emphasise the importance of managing and generating financial resources because they can understandably be absorbed in the delivery of programmes and services.
- It has been argued that the *'first duty of an organisation is to survive'*. This requires money. Notwithstanding this – and especially in a not-for-profit context – everyone involved should be committed to a purpose that is bigger than themselves and the organisation; *'doing the best at what they are best at for the benefit of others'*.
- It is important that governing bodies have their finger on the pulse; keeping abreast of all financial considerations, including tracking actual performance against budgetary expectations, plus forecasts related to levels of income and expenditure, reserves and cash flow along with other major practical factors that could affect the organisation as a whole (e.g. delivery on very significant contracts and the implications of these). Many organisations fail through inadequate management of cash, especially in difficult times.
- Other risks, in addition to those risks related to money, are included in this aspect of the model.

### **Motivating and holding the Chief Executive to account**

**This involves ensuring that highly effective leadership is in place at staff level;** also, that attitudes and behaviours are aligned to an organisational culture that is felt to be appropriate and desired.

- Leadership may take the form of more than one person (e.g. 'Co-Directors' sharing the Chief Executive role) and be 'distributed' to different degrees with others according to the organisation.
- For instance, providing decision making autonomy at Chief Executive level, and more widely, can often lead to greater effectiveness including, for instance, though appropriate 'bottom up' strategy formation.
- Notwithstanding this, the more participatory and distributed the leadership approach, the more important it is that matters requiring 'top down' engagement are dealt with consistently, firmly and clearly (e.g. compliance with critical policies such as 'safeguarding').
- Such balancing acts about decision making are important. Indeed, decision making approaches, and parameters for who decides what, are at the heart of motivating and holding the Chief Executive to account successfully. And this might change over time: for example, in the case of a relatively new Chief Executive, the level of support, and practical contribution, of a board may change as confidence and experience increases over time.
- Motivating and holding the Chief Executive to account appropriately in these and other respects is important and links to organisational culture. Culture can be considered, in straightforward terms, as the 'way things are done around here'; it can be the paramount factor in whether an organisation is successful in delivering what it has set out to achieve (as in the saying 'culture eats strategy for breakfast').

- The specific culture, or sub-culture, of the board needs to be paid particular attention to. This is because it can have a profound impact on everyone in an organisation, especially the Chief Executive (e.g. in the case of a board experiencing 'Founder Chair' syndrome, the individual in the Chair role can have a potentially dreadful effect on the motivation of the Chief Executive and other staff).

### **Maintain board development including regular review**

**This involves ensuring that the governing body is 'fit for purpose'.**

- We believe that a very significant dimension of this is understanding the preferences and team working dynamics of the board itself and how these manifest themselves in relation to working with the Chief Executive and others. As such Caplor Horizons always encourages that governance training sessions include an element of individual and team development, including with key staff members.
- Furthermore, when renewing board development, wider aspects of governance need to be taken into account. For instance, some not-for-profits are constituted with a membership; in such cases, development and review processes need to embrace the involvement of members which can have a substantial influence on decision making (e.g. at Annual General Meetings).

***You may be reading about this 5M Model and wondering... 'Yes, but is this relevant to the organisation I'm involved with and the times we live in?'***

Caplor Horizons facilitates a great deal of work with a wide range of NGOs, including those with relatively complex organisational forms; these can have significant governance implications (e.g. an international federation that needs to take into account different legal jurisdictions along with decision making dynamics that vary between different boards).

In all such cases we have found the 5M Model to be relevant. We would encourage you to think through the five different elements and explore how a focus on each in turn might be useful.

***With respect to the times we live in, we would draw attention to five main points...***

#### **1. The environmental crisis**

We believe that the longer-term environmental crisis provides a compelling rationale for organisations to consider what they do from a governance standpoint through this lens. We have written a paper called ['Governance and Long Term Environmental Challenges'](#) devoted to this topic. We would urge you to consider this.

#### **2. The coronavirus pandemic**

We reason that whilst the implications of the coronavirus pandemic are leading to some organisations growing in various ways, a great many NGOs are very sadly finding themselves dealing with emergency situations, notably because of very significantly reduced income flows.

- Organisations facing emergency ‘turn-around’ situations need to consciously consider the decision-making implications and how these, and the pressures involved, might be very different at a governance level from those in more ‘normal’ times.
- Big losses in income will drive various strategic responses, including higher levels of merger activity.
- We would encourage boards to consider strategic scenarios that involve different forms of strategic level collaboration in advance (before the emergency occurs) and to develop criteria for ‘what success would look like’ in the circumstances of needing to find a merger partner.
- All too often organisations leave this until it is too late or almost too late. For details about different forms of strategic partnership, including merger, see our [‘Essentials of Collaboration’](#) paper.

### **3. Racism**

We envisage that the Black Lives Matter movement can and should have a positive impact on NGOs addressing issues of racism.

- The profound implications involved, connected to the huge turbulence caused by the Covid-19 emergency, could lead to great challenges and opportunities, including about how organisations make changes to diversity and inclusion at a board level.

### **4. Online working**

We are witnessing how the accelerated shift to online working and learning has meant that governing bodies are needing to be both creative and mindful about the technological and relationship implications...

- Creative in the way that boards apply technology opportunities and ways of online working (e.g. sometimes using the breakout room facility in Zoom, or another platform, to ensure high quality conversations in small groups).
- Mindful that a major challenge is to maintain and nurture high quality relationships which are at the heart of effective governance taking into account that face-to-face meetings are taking place less frequently (e.g. putting even greater time into developing relationships such as having social time factored in before or during board meetings).

### **5. Health and wellbeing**

Finally, we believe the confluence of different issues that organisations and boards have to deal with means that many people are under higher than normal levels of stress.

We would advocate prioritising attention to the health and wellbeing of individuals and teams.



## 1. Introduction

This paper is about governance, how an organisation makes sure that it delivers what it was set up to achieve. A great deal has been written about governance and there is a wealth of valuable information available. As such, it is worth stating what this paper is and what it is not:

### What this paper is

- It is an attempt to help people who are doing one of the following:
  - Thinking about becoming a member of a board
  - Joining a board for the first time
  - Wishing to improve how they contribute as a member of a board
  - Working with a board as an employee or volunteer of an organisation
- It is intended to be concise and practical, not comprehensive. Governance is a vast and complex subject and this paper cannot cover every aspect even at a summary level.
- It is written primarily on the basis of experience on and working with boards not as a summary of what has been written by others.

### What this paper is not

- It is not guaranteed to be correct on every legal or regulatory detail, even in the context of England and Wales, though we have tried to check it: we are not lawyers and charity regulations frequently change.
- It is not a fully referenced paper of academic rigour: references are only included if they seem likely to be useful.

### What type of organisation is this paper about?

This paper is focused on organisations that exist mainly to provide a service and/or to change the world. Making and receiving money is an essential activity but is not the prime driver. Such organisations include:

- Groups of friends or neighbours
- Community organisations that have some type of structure such as a steering group or committee but no formal legal status
- Formally registered NGOs such as English and Welsh charities, including Charitable Incorporated Organisations (CIOs) and charities that are also registered as companies, that have boards but no staff
- Formally registered NGOs that have boards and staff

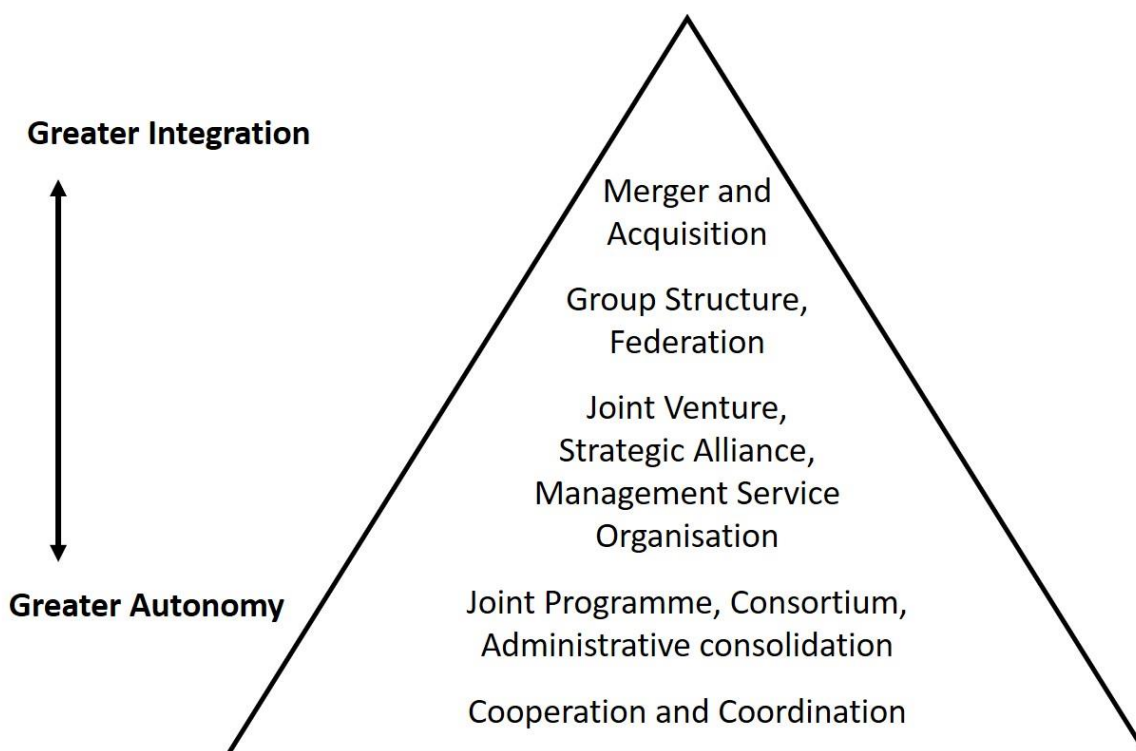
This paper is primarily about the last category, formally registered NGOs that have boards and staff. These organisations are the ones where governance, making sure an organisation delivers what it was set up to achieve, is both aided and complicated by the complementary roles of staff and board. Many important



governance issues, and many of the problems one sees in organisations, are related to the flexible yet vital distinction between these roles. Some of these organisations have members, as distinct from board members, with a role in governance, for example in the election of board members.

### Groups of organisations

Many NGOs work with others in more or less closely linked groups. These relationships can vary between loose cooperation on a single issue and a full merger, as shown in the diagram below:



In the case of a group structure or federation, organisations are closely linked together for certain purposes to enhance their effectiveness. They may be geographically distinct, being based in different counties or countries, or they may hold distinct areas of expertise. Appendix 1 describes some key principles for such groups of organisations and explores their implications for governance. In an international federation or other grouping, these implications have to be considered along with the national differences in law, regulations and culture discussed below. In particular there needs to be clarity about which aspects of governance are handled at each level.

### Does this paper apply worldwide?

Yes to a significant extent but not entirely. Details in this paper are focused for clarity on the legal and regulatory context of charities in England and Wales. It is a fascinating question to what extent the meaning of effective governance varies between countries. Caplor Horizons itself is an English and Welsh charity. We have worked extensively with Boards internationally as well as in the UK. There are significant differences in legal and regulatory structures. For example, Dutch law provides two main types of organisation, a Foundation (Stichting) and an Association (Vereniging), and makes a distinction between managing and supervisory roles, with the latter often performed by a separate supervisory board or by general meetings of members.

Our tentative conclusion is that the theory of what constitutes effective governance does not seem to vary very much. The most obvious exception is the greater emphasis on US boards on raising and bringing in money. However the behaviour of Board members does vary considerably. Firstly, this is a result of differences in national culture. Our paper on [cross-cultural communication](#) explores cultural differences in more detail, including reference to Hofstede's model of national culture. Secondly, this is a result of differences in organisational culture – we have a range of resources that relate to this (for instance, a tool to diagnose organisational culture called the [‘Culture Tree’](#)).

In terms of organisational culture, it is important that relationships between people across an organisation are nurtured so that everyone is confident in voicing significant matters with governance implications. This links to how people feel a sense of trust, inclusion and so on between each other. Various exercises and processes can be helpful. For instance, we have found our [‘Six Senses of Teamwork’](#) tool can be very useful in terms of strengthening relationships and culture at a governance level.

## 2. What is effective governance?

In this paper **‘governance’** means the people, structures, processes and policies of an organisation that make sure that it delivers what it was set up to achieve.

There is more of purpose in this definition than in the Cambridge Dictionary's *‘the way that organizations or countries are managed at the highest level, and the systems for doing this’*. There is more of oversight than in Wikipedia's *‘Governance is the way rules, norms and actions are structured, sustained, regulated and held accountable.’*

Alternative definitions are given by the National Council for Voluntary Organisations (NCVO), the umbrella body for the voluntary and community sector in England<sup>1</sup>:

*‘the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation’* (Chris Cornforth)

and

*‘the process by which a governing body ensures that an organisation is effectively and properly run...Governance is not necessarily about doing; it is about ensuring things are done.’* (Sandy Adirondack).

The purpose of an NGO's board is **effective and efficient governance**, which means making sure that the NGO delivers what it was set up to achieve with the minimum of cost in terms of time and money. It may be best to avoid the term ‘good governance’ as this is widely used in the context of international development to describe how it is thought that governments and their institutions ought to behave.

It is not enough to describe governance as ‘what boards do’ as some boards do it badly. However good boards do provide effective and efficient governance.

There are many ways to describe in more detail what effective and efficient governance involves. Here are four. In an English or Welsh context, for instance, the place to start is the regulatory authority for

---

<sup>1</sup> NCVO ‘The Good Trustee Guide’ ed A Moynihan, 2015: definitions are on page 67.

charities in England and Wales, the **Charity Commission**. Among the wealth of valuable papers on their website is their publication CC3 'The essential trustee: what you need to know, what you need to do'<sup>2</sup>. This spells out six duties in summary and with details:

## The Essential Trustee

### 6 main duties



In 2018 the Charities Regulator of Ireland issued a **Charities Governance Code**<sup>3</sup> which is based on six principles of governance which correspond quite closely to the Charity Commission duties:

1. Advancing charitable purpose
2. Behaving with integrity
3. Leading people
4. Exercising control
5. Working effectively
6. Being accountable and transparent

<sup>2</sup> <https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

<sup>3</sup> <https://www.charitiesregulator.ie/media/1609/charities-governance-code.pdf>

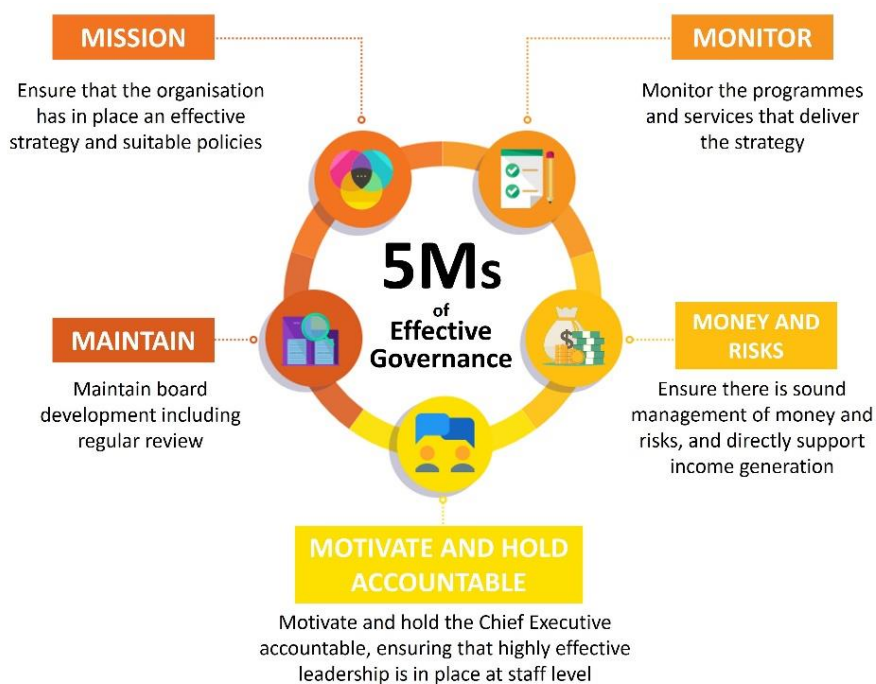
Another authoritative source, from an English standpoint, is the **National Council for Voluntary Organisations (NCVO)**. This gives a longer list of more specific headings under the title ‘The 12 essential board responsibilities at a glance’<sup>4</sup>:

1. Set and maintain vision, mission and values
2. Develop strategy
3. Establish and monitor policies
4. Ensure compliance with the governing document
5. Ensure accountability
6. Ensure compliance with the law
7. Maintain proper fiscal oversight
8. Respect the role of staff / volunteers
9. Maintain effective board performance
10. Promote the organisation

*Where staff are employed:*

11. Set up employment procedures
12. Select and support the chief executive

Many people find these lists too difficult to remember, even though the detailed content is excellent. We suggest our **5 M Model** is easier. We have found this applicable to our work with Boards internationally.



<sup>4</sup> NCVO ‘The Good Trustee Guide’ ed A Moynihan, 2015: list on pages 11-12.

Arguably 'Money (and Risks)' are part of 'Monitor' but they are so important and so often related to each other that we feel they deserve their own 'M'.

These lists cover the 'What' of governance in summary form. However, a key part of effective and efficient governance is the 'How'. **Julia Unwin** has published 'The 5 Ss in governance'<sup>5</sup>, commenting that these are 'five modes in which high performing boards operate and [I] consider that while very good boards use all of these modes, excellent boards know which they are using and when.' Her modes are as follows, with illustrative questions a board member might ask in each mode:

- **Support:** encourage staff and ensure they have the resources they need.  
*Have you got what you need to do that?*
- **Stretch:** challenge and improve on what is presented to the board.  
*Surely we can improve by more than five per cent?*
- **Scrutiny:** examine, challenge and hold to account.  
*Have you thought of the implications of doing this?*
- **Stewardship:** guard the assets of the organisation.  
*Is reputational risk too great if we do this?*
- **Strategy:** make the big decisions about the future of the organisation.  
*Is this a golden opportunity to open our doors to people from...?*

### **What and How – and a story**

The Charity Governance Code<sup>6</sup> gives clear and comprehensive guidance as to best practice for both What and How, going beyond the requirements of the Charity Commission, listing 77 recommended practices in the case of larger charities. These form an excellent checklist which is explicitly aspirational, combining legal and regulatory requirements with good practice from around the sector in England and Wales. They have been drawn on extensively in this paper. The practices are organised around seven principles:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

A short book<sup>7</sup> by Ken Burnett (to whom Peter Moore is deeply indebted for introducing him to effective governance by his own example as Chair of ActionAid) brings together both the What and the How of

---

<sup>5</sup> <https://www.gettingonboard.org/post/the-five-ss-in-governance>

<sup>6</sup> 'Charity Governance Code', Charity Governance Code Steering Group, 2017.

<sup>7</sup> 'Tiny essentials of an effective volunteer board', Ken Burnett, White Lion Press, 2006.

effective governance in a very engaging way, along with the details covered in the next chapter. The book includes an admirable list of 'The 21 Key Aspects of Good Governance', headlines from which are reproduced in Appendix 2 with Mr Burnett's permission.

A longer and recent book, sub-titled a 'no-fibbing guide to trustees', is by the CEO of the UK's Directory of Social Change.<sup>8</sup> It is full of valuable advice on all aspects of an NGO board's work, in particular the good and bad behaviours of board members, covered in much greater detail and with more amusing pictures than in this paper.

### 3. How can we achieve effective governance?

This chapter offers practical advice structured on the 5M Model mentioned above. It concludes with advice on related roles in governance.

#### 3.1 MISSION: Ensure that the organisation has in place an effective strategy and suitable policies

Strategy can be defined as where an organisation is going and how it is going to get there. Key components of strategy that a board needs to consider are as follows:

##### a) Understanding the context

A diverse board, made up of people from a variety of sectors, functions and life experiences, is well-placed to bring the broad context of the organisation's work into considerations of strategy and plans. Board members are likely to have a broader range of experience and networks than senior staff (if they do not, maybe they should be more diverse).

- It can be helpful to set aside time regularly, perhaps once a year, to hold a 'blue skies session' in which board members think about underlying trends in society and technology from a particularly broad and long-term perspective. This can be aided by a presentation by an expert on a particular topic (for example, 'How might Artificial Intelligence affect campaigning by NGOs?') or a futuristic article read in advance.
- Some kind of analysis of the organisation's environment is a good starting point for a review of strategy or development of a new strategy. A helpful structure for this analysis is a set of six factors with the acronym PESTLE:
  - Political
  - Economic
  - Social
  - Technological
  - Legal
  - Environmental

---

<sup>8</sup> 'It's a Battle on the Board', Debra Allcock Tyler, Directory of Social Change, 2020

- A helpful structure for describing the organisation's own position within the environment is a SWOT analysis:
  - Strengths: internal factors that help the organisation fulfil its mission
  - Weaknesses: internal factors that hinder the organisation in fulfilling its mission
  - Opportunities: features of the external environment that the organisation could exploit
  - Threats: features of the external environment that could obstruct the organisation
- The development of scenarios for the future can also be helpful. Scenarios reflect the unpredictability of the future by describing a variety of alternative internally consistent stories about what might happen. Developing scenarios forces one to think widely and, once developed, scenarios can be used to test the robustness of plans in a world that is Volatile, Uncertain, Complex and Ambiguous (VUCA).<sup>9</sup>

**b) The essence of the strategy:** this might include, Values, Beliefs, Vision, Envisaged Future, Purpose, Mission, Call to Action, Strapline .... For more insights about this, see our ['Essentials of Strategy'](#) paper.

There are many ways in which an organisation can describe why it exists, what it does and how it does it. Words like 'Vision' and 'Mission' can be defined and used in many different ways too. Some examples are:

- The values of Greenpeace International offer a distinctive and specific guide to its behaviour for staff and potential supporters alike:
  - Personal responsibility and nonviolence
  - Independence
  - Greenpeace has no permanent friends or foes
  - Promoting solutions
- The vision of WaterAid: *'Our vision is a world where everyone, everywhere has safe water, sanitation and hygiene.'*
- The purpose of AECB (Association of Environmentally Conscious Builders) is: *'To deploy environmentally responsible building practices'.*
- The mission of CEDAR (Centre for Education Development Action and Research) is: *'To use art and alternative media to transform the lives of marginalized young people'.*

Such statements are of great value in guiding boards and staff and communicating the essence of the organisation to supporters, allies and authorities. Their greatest value can be the process by which they are developed – and the board should play a key part in that process. Brainstorming sessions with staff and other stakeholders in small groups can be a good way to generate a variety of ideas and options. The final choice of words is a board decision.

---

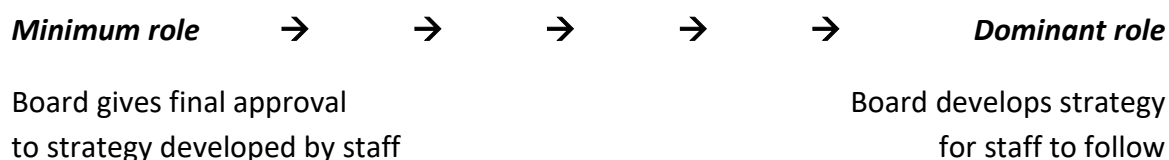
<sup>9</sup> ["Leading NGOs in the VUCA World"](#), Caplor Horizons Ripple Paper



The board needs to decide how often to review its statements of this kind. A Vision that changes every year is not much use as a guide to long term aspirations. Many organisations review their Vision, Mission etc every three years or so when they develop a new strategy but often change only a few words while the specific goals in the strategy may change much more.

### **c) Strategy development**

The board's role in developing strategy varies greatly between organisations even though 'Approving the strategy' is normally part of the board's stated role. There is a spectrum as shown below:



Somewhere between these extremes is usually the best use of the board's wide perspective and staff's generally deeper knowledge of the organisation's work. One example is:

1. Board agrees priorities and process with staff leadership
2. Review of previous strategy by staff and/or an external facilitator
3. Opening up: board, staff (all or representatives) and other stakeholders study context and generate ideas for the new strategy
4. Staff develop options for the new strategy, possibly through a set of taskforces
5. Closing down: staff with some board members make choices between options and develop organisational implications
6. Board discusses, revises and finally approves the strategy

Steps 3 and 5 are often through one to one and group conversations, where external facilitation can be very helpful.

One part of the strategy process, as emphasised by the Charity Governance Code, is to consider the benefits and risks of working with other organisations in various ways as outlined in chapter 1 above, for example if those organisations have similar missions.

### **d) Major policies and manuals**

Organisations need policies as guides to how people (board members, staff and volunteers) should behave in line with the organisation's values and objectives. There is a trade-off between giving helpful guidance on the one hand and burdening the organisation with lengthy and rigid documents on the other. Policies need to be clear, accessible, as short as possible and easy to revise as circumstances change or new issues arise. They should be reviewed regularly to ensure they continue to support the NGO's strategy. As a matter of good practice in transparency, a NGO's policies should normally be published.

It is possible to distinguish between policies, which focus on principles and general guidance, and manuals (or handbooks), which are more specific. For example an employee manual gives details on matters such as values, pay and conditions, code of conduct, the use of IT, standards, health, wellbeing, safety, security,

performance management, disciplinary and appeal procedures, bribery policy and grievance policy – and may be an exception to the presumption of publication.

For an organisation with only a few staff a suitable **set of policies and manuals** could be as follows<sup>10</sup>, though some organisations prefer to break some of these down with separate policies on issues such as reserves, safeguarding or whistleblowing:

1. Diversity and inclusion policy
2. Finance policy (including reserves and financial procedures)
3. Health, wellbeing, safety and security policy (including safeguarding)
4. Privacy policy
5. Risk management policy
6. Sustainability policy (including response to climate change)
7. Board or governance manual
8. Staff or employee manual
9. Volunteer manual (including roles of staff, board and volunteers, organisational ethos, strategy and code of conduct)

The board needs to develop its own **board or governance manual** to cover matters such as the following:

- The NGO's objects
- The legal constitution, which may be expressed as a Memorandum and Articles of Association
- Roles of board members, Chair, Vice Chair, Treasurer and Chief Executive
- Recruitment, skills, experience and diversity of board members
- Terms of office
- Board meetings and structure
- Timetable of activities including statutory returns
- Committees including roles, membership, appointment and reporting
- Code of conduct (if there is one)
- Conflicts of duty and interest
- Board member expenses

The board should be deeply involved in drafting its own manual or handbook. Staff and volunteer manuals are likely to be largely drafted by staff though approved by the board. The **board's role in policies** varies greatly, depending partly on the nature of the policy and the size and culture of the organisation. In

---

<sup>10</sup> For examples of these, see Caplor Horizons' Policies and Handbooks under 'Our Policies and Handbooks' in <https://www.caplorhorizons.org/what-we-do>

general, policies are likely to be developed by staff and approved by the board in a process such as the following:

1. Prompted by staff or board members, the board decides a policy needs to be created or revised
2. Staff, possibly with the involvement of board members in the capacity of volunteers, develop or revise the policy
3. Board approves the policy
4. Staff give regular (e.g. annual) reports on implementation of the policy
5. Board reviews the policy regularly (e.g. every two years)

### e) Responding to long term challenges

Although they may not be linked directly to their mission, many NGOs feel a compelling need to respond as organisations to long term challenges. For instance:

- Climate change and loss of biodiversity
- Gender
- Racism

It is the job of the board to identify these challenges and decide how to respond to them as a board and as an organisation.<sup>11</sup>

### 3.2 MONITOR the programmes and services that deliver the strategy

Having established or renewed the NGO's mission, the board has to ensure that the organisation uses its resources as effectively as possible to deliver it. The main parts of this monitoring role are likely to be as follows:

- **Regular discussion at board meetings**, often based on an update by the Chief Executive. Many NGOs find a quarterly review of progress is a suitable pattern.
- **Key Performance Indicators (KPIs)**: Many boards find it helpful to identify a small number of indicators of progress with their strategy. The process of identifying them is valuable in itself as it forces the board to focus on what really matters – perhaps choosing from a range of targets that were developed when creating the strategy. Numerical indicators are ideal but not always suitable: being easy to measure is not a strong criterion for a KPI. More qualitative measures can be expressed by a traffic light system, where red means no progress, orange means progress but problems or delays and green means on track.

---

<sup>11</sup> Some practical ideas are presented in '[Governance and Long Term Environmental Challenges](#)', a Caplor Horizons Ripple Paper.

- The use of **standardised measures** such as the Global Reporting Initiative (GRI) Standards<sup>12</sup> facilitates benchmarking with and learning from other organisations, though the related costs of time have to be set against these advantages.
- Besides regular reporting against strategy, it is a good idea to **review implementation of policies** regularly. This is potentially onerous, but a light annual check against all policies ensures that the policies remain relevant and are being implemented – and also serves as a regular reminder.
- **Organisational health** also needs monitoring by the board. Measures can include:
  - Staff attitudes assessed in an annual survey, or a focus group if numbers are small
  - Estimated carbon footprint
  - Annual air miles
  - IT measures such as Followers or website usage
- The **reputation** of the NGO is an important asset for the board to monitor and may form part of the risk assessment discussed in the next section.
- The board needs to ensure that the results of monitoring are **effectively communicated** to key stakeholders such as beneficiaries or service users, staff, volunteers, donors, suppliers and local communities. Such communications can form the basis for feedback and questions from stakeholders to support accountability.
- In the case of **membership NGOs** the board ensures that members are regularly informed about the NGO's progress and how they can participate through comments on key issues and involvement in the NGO's governance through the board or committees.

Monitoring of the key issues of money and risk is addressed in the next section.

### 3.3 MONEY AND RISKS: Ensure there is sound management of money and risks, and directly support income generation

Some considerations for board action on these key issues are as follows:

- Money:**
  - The points made under Monitoring above apply to the NGO's finances in particular. Money is often tracked by staff on a monthly basis and this more frequent information may be sought by some board members.
  - Many boards find it helpful to have a Treasurer who focuses in more detail on the financial side of the NGO. However this should not mean that other board members relax their attention to finances: all are responsible. The typical components of the Treasurer's role are described in section 3.10 below.

---

<sup>12</sup> [www.globalreporting.org/standards](http://www.globalreporting.org/standards)

If the accounts are audited, the board oversees and approves the appointment and review of auditors and decides the maximum length of time an auditor can serve. The Charity Governance Code recommends that the board (or audit committee if there is one) should meet the auditors at least once a year with no staff present.

**b) Fundraising**

- Board members are unpaid volunteers who contribute to their NGO through their time, skills and their own name and reputation. They do not have to contribute financially as well and to require this of board members would risk putting off some potential candidates for the position. Nonetheless:
  - Board members should support fundraising as it is essential for the NGO’s success. They can do this, for example, by attending and speaking at events for supporters (strategy launches, anniversary celebrations) or meeting major donors.
  - Some charities encourage financial contributions from board members where possible so that they are behaving consistently with their public support.
  - Board members may find it helpful for their role to be regular donors to the NGO so that they routinely see the information being sent to donors.

**c) Risks**

- The board has to think about risks of all kinds: personal safety, financial, reputational and long term risks and risks related to partners and donors. The current annual return questions of the Charity Commission include ‘Are the trustees satisfied that the charity’s risk management policy and procedures adequately address the risks to the charity arising from its activities and/or where it operates?’
- A helpful basis for thinking about risk regularly is a risk register. Some NGOs review this briefly at every meeting, others once in 6 or 12 months. A common format is along the following lines:

Risk	Mitigation	Rating			Trend	Further Action
		Likelihood	Impact	Score		

Here Likelihood and Impact are scored, for example out of 5, and the Score is an indication of overall risk: Score = Likelihood x Impact. The Trend is an assessment of whether the risk is rising, staying the same or falling.

- One other aspect of risk for the board to consider is planning for emergencies. These can take many forms such as:
  - Sudden incapacity of Chief Executive
  - Accident in a field location to board member, staff or volunteer

- Kidnap of board member, staff or volunteer
- Loss of supporter data
- Fire in the main office
- Negative headlines in newspapers or social media

These emergencies are inherently hard to predict but it is helpful for the board to work with staff on the following:

- Consider what types of emergency could occur
- Establish priorities, starting with the safety of individuals including beneficiaries or service users
- Develop guidelines for the response, for example roles and communication chains, including the role of the Chair and other board members
- Practise with a simulated emergency to test the guidelines

### **3.4 MOTIVATE AND HOLD THE CHIEF EXECUTIVE ACCOUNTABLE, ensuring that highly effective leadership is in place at staff level**

In an NGO with staff, their competence and motivation are central to achieving the mission. The normal distinction is that the Chief Executive (who may have a different label and may be two people) recruits, manages and if necessary, dismisses other staff and volunteers while the board recruits, manages and if necessary dismisses the Chief Executive. The role of Chief Executive can be a lonely one with formidable responsibilities and the board, especially the Chair, are very important in providing support, advice and, where appropriate, challenge. Some of the ways this can be done are as follows:

- The relationship between the Chair and the Chief Executive is the most important single relationship for the success of the NGO: please see below in 3.9 The Role of the Chair.
- The role of the Chief Executive in board meetings is very important for the success of both the board and the Chief Executive: please see below in 3.6 Board Meetings.
- Succession planning is helpful, for example through discussion with the Chief Executive concerning staff who could in time take their place.
- The recruitment of a new Chief Executive will involve all board members in deciding on and participating in a variety of processes such as:
  - Reviewing the role description and establishing the person specification
  - Deciding whether to look externally from the start
  - If looking externally, considering the use of search agencies and the appropriate places for advertising to seek a diversity of applicants
  - Agreeing and taking part in selection processes such as interviews

- Considering and communicating clearly the role (if any) of staff in the selection process: recruitment is a mutual decision, so at the very least a candidate needs an opportunity to meet staff, and the board may wish staff to offer comments while accepting the board's responsibility for making the final decision
- Deciding whom to select and related issues of terms and conditions, handover, start date and induction processes
- Should the Chief Executive have their own personal objectives, for example for the year, alongside those for the NGO as a whole?
- Should the Chief Executive be provided with a coach from outside the organisation to help them reflect on their successes and failures and enhance their personal development?
- The board, led by the Chair, is also responsible for the management of the Chief Executive's performance. Much of this happens throughout the year through the regular processes of monitoring the NGO's work but an annual appraisal is usually helpful as well as a chance to stand back and check on progress as a whole and identify any development needs. Decisions need to be made:
  - Who should be asked to comment on the Chief Executive's performance? Board members? Staff? Any external stakeholders? Sometimes it is helpful for an external consultant to gather information to protect anonymity.
  - How should comments be sought? A survey? Interviews? Both?
  - What is the basis of the appraisal? What combination of the role description, the NGO's objectives and the results of the previous appraisal?
  - How will board members be involved besides offering comments? Sometimes a Chair finds it helpful to work with another board member on the appraisal. Their draft conclusions can then be discussed with the board as a whole before meeting the Chief Executive.
  - How will the results be discussed with the Chief Executive? A one-to-one discussion with the Chair is likely to be most appropriate given the sensitivities that are always involved.
  - What will be recorded in writing – and what will be shared with the board?
  - What is the process for following up on development needs?
- The board is also responsible for the level and adjustment of the Chief Executive's pay, terms and conditions. Sometimes this is done through a Remuneration Committee. External benchmarking of some kind is likely to be needed. The Charity Governance Code recommends that the process and the results should be published on the charity's website and in its annual report.

The relationship between the Chief Executive and the board links the senior management team (or all the staff in a small NGO) to the board. The board is highly dependent on staff for the information it needs to do its job and needs to be able to trust staff to present bad news as well as good. The ideal is a collaborative relationship in which board and staff understand and respect their complementary roles. One way to assess this partnership and consider how to improve it is to use our tool [‘The Six Senses of](#)



[Teamwork](#). This considers collaborative relationships in six dimensions: purpose, responsibility, generosity, integrity, inclusion and trust. We believe that all of these are very significant for collaboration.

### 3.5 MAINTAIN BOARD DEVELOPMENT including regular review

In order to be effective in its role, the board needs to maintain its own development. Key aspects of that are as follows:

- **Size of board:** The size of the board may be established between limits by the NGO's constitution. Within those limits there is a balance to be struck:
  - A larger board gives more scope for bringing in people with diverse perspectives and skills.
  - A smaller board makes it easier to hold discussions and come to agreement.

The result of this balance is often a size between 5 and 12, the range suggested as typical good practice by the Charity Governance Code. However membership organisations that have some board members elected by members may need a larger board to ensure full representation.

- **Board membership:** The board, possibly through a board development committee, needs to decide and at times review the balance and diversity it seeks among board members. What is needed is a mix of people who are diverse in terms of life experience and skills, willing to give constructive challenge and able to work together as a team – and committed to the mission. The Charity Governance Code recommends: *'The board publishes an annual description of what it has done to address the diversity of the board and the charity's leadership and its performance against its diversity objectives, with an explanation where they have not been met.'*

Factors to consider are:

- *Gender:* one approach is to constrain the balance within limits, for example no gender to exceed 60% of board members.
- *Ethnicity* is of practical and reputational importance, practical partly in terms of the diversity of life experience on the board.
- *Disability* may be central to the NGO's work. Otherwise it is a key aspect of diversity of life experience and the board needs to ensure that its recruitment and board processes make reasonable adjustments to support full participation by people living with disabilities.
- Other aspects of *life experience* such as the level of education or wealth.
- *Nationality:* For a UK NGO with a national remit there is a need to consider the English/Northern Irish/Scottish/Welsh balance. For an international NGO there is a need for non-UK perspectives, despite practical difficulties.
- *Language* in Wales and for international NGOs, where an ability to read or speak Arabic, French, Kiswahili, Portuguese, Russian or Spanish can be helpful.
- *Age:* many boards struggle to attract people much under 50.

- Current or past *beneficiaries* or *service users* are seen as essential board members by many NGOs. Their role needs to be clear: it is normally to provide a key perspective, not formally to represent all beneficiaries or service users.
- *Skills* are needed for two purposes: to contribute to board discussions and also to provide a pool of voluntary expertise that can be tapped by staff. Key skills and experience to consider are:
  - Financial: It is a good idea to have at least two people with some financial skills to avoid problems if one is absent or suddenly leaves
  - Legal: Although any one lawyer will often have deep knowledge of only one or two areas of law, their training and habits can be invaluable on governance issues and they are likely to know how to seek help on areas they are less familiar with.
  - Fundraising: As with legal skills, there are many different areas but an expert in one may still be very helpful across the other types of fundraising.
  - Human resources or organisational development: Especially for NGOs with substantial numbers of staff. Again there are many areas of specialism.
  - Social media: Because boards often struggle to attract people much under 50 they often also have limited personal experience of new forms of social media.
- *Sector*: It is often valuable to have business and government perspectives on an NGO board.
- **Recruitment of board members** is a continuing concern for any board. A board of nine with a three-year term limit will need to recruit or renew an average of three people a year. The board as a whole or through a board development committee needs to consider its needs in terms of skills, diversity and balance in the light of expected retirements. The recruitment process then needs a combination of elements such as the following:
  - Networking by board members and staff to identify and approach possible candidates. Many boards rely on this approach, especially for small NGOs. It is low cost and is likely to identify people with related values. However it can also be seen as a form of self-perpetuating oligarchy that is likely to limit the range of people in terms of class, regional area or age group. The result may be less challenge than is needed on a board.
  - Alternatives to networking include the use of a search agency and open advertising through media that match requirements for skills and diversity. Some websites offer platforms for matching NGOs to potential board members.
  - The constitutions of some NGOs provide for members of the NGO to have the right to elect some or all of the board members. If most or all board members are elected in this way care needs to be taken to ensure the board has the desired balance and diversity of life experience and skills. Ways to do this include:
    - The board specifies the required life experiences and skills and asks candidates to state how they meet these requirements.

- Elections are open to all but the board makes its choices and suggests to members whom to vote for.
    - Candidates are divided into categories (e.g. gender or financial skills) and at least part of the election process is controlled in such a way that the desired minimum number from each category is elected.
  - Advertising for potential new board members can include the following:
    - A summary of the NGO's mission and character, with links to its website
    - A description of the role of a board member with links to published documents such as a governance manual
    - An indication of the time commitment involved
    - A description of the skills, expertise and range of backgrounds sought
    - Selection criteria
    - Selection process with indications of timing
    - Whether and when references may be required
    - Clarity about whether feedback will be offered and, if so, at what stages
  - Initial stages where both candidate and NGO get to know each other: this is a mutual process. This can include visits to the NGO's work and observation of a board meeting (or these can be part of the subsequent selection stages).
  - Selection stages for a short list of candidates involving the Chair, some or all other board members and normally the Chief Executive
  - Agreement by the board to offer a position on the board
  - Feedback to unsuccessful candidates making clear why they were not selected and whether there might be another opportunity in future
  - Induction of successful candidates including visits to the NGO's work, reading the board/governance manual and other documents and meetings with selected staff including the Chief Executive and staff who share the specialism of the new recruit.
  - It is often helpful to involve a new recruit in a specific task straightaway for example on a committee or on an issue related to their skills.
- **Board turnover** may be determined by the NGO's constitution. Term limits are advisable for all boards, and for all officers such as Chairs on boards. A balance between two sets of needs determines what the limits should be:
    - Longer: retaining institutional knowledge and relationships and minimising the costs of time and money involved in recruitment
    - Shorter: gaining fresh perspectives on issues and enlivening board discussions

A common solution is a pattern of an initial term of 3 years that can be renewed once only for a further 3 years after some kind of review. Some NGOs allow a third term of 3 years, others allow a further term after a gap of a year off the board. The Charity Governance Code recommends that any reappointment beyond a total of nine years should be subject to an especially rigorous review and explained in the annual report.

- **Leaving the board:** It is good practice for a departing board member to have an exit interview, perhaps with the Chair or Vice Chair, in which they can reflect on their experience, describe what they have learned and pass on any feedback for improvement.

Former board members are a valuable potential resource for the NGO, for example as sources of advice, donors and contacts or for help in a crisis. To tap this resource requires some organising and a deliberate effort to keep former board members informed.

- **Board processes outside board meetings** are important for maintaining the involvement of board members, building informal relationships that help the board work as a team and giving different kinds of support to the NGO. They include:
  - Committees (please see below)
  - Task forces or working groups on particular issues
  - Occasional meals and/or joint visits to the NGO's work
  - Contact between board members through social media
  - Online or phone discussions between the Chair and individual board members
- **Board reviews:** It is helpful to have a regular review of the board's performance aimed at identifying successes, problems and potential improvements. This can be an annual process or perhaps a thorough review every three years or so with an annual lighter process such as a session at an Away Day. Thorough reviews often benefit from facilitation by someone outside the organisation: the Charity Governance Code recommends an externally facilitated review every three years. A thorough review might involve:
  - Study of board documents including minutes
  - Survey, for example of board members, staff who regularly interact with the board and any other relevant stakeholders – including members or a sample of members in membership organisations
  - Interviews following the survey, guided partly by issues emerging from the survey
  - Feedback to the board of the data gathered leading to a discussion of lessons learned and potential improvements

What matters in such a process is not a long report but learning and motivation from the results and a small number of realistic actions, the delivery of which the board can check say 6 or 12 months later.

- **Board development:** There is always scope for individual board members to learn. As Maya Angelou said, *'Do the best you can until you know better. When you know better, do better.'* Besides the learning that comes from board reviews, there are several other ways in which the skills and knowledge of board members can be enhanced including:
  - Many boards find it helpful for each board member to have an annual discussion with the board Chair about their aspirations and challenges on the board and how they can best contribute.
  - Training, either for individuals on particular topics or for the board as a whole. This can be delivered internally at low cost, for example the Treasurer or Finance Director could deliver finance training. Common examples are:
    - Finance e.g. understanding NGO accounts
    - Governance: key aspects of the board's role
  - Books and websites on topics related to the NGO's work.
  - A board intranet or shared drive is a powerful way in which to have a lot of information, some of it confidential, accessible to board members for use whenever they wish.
  - Board members can be encouraged to present to their colleagues key information or powerful perspectives that they have come across – perhaps as part of a regular board meeting slot that includes feedback on visits to programmes. They can also be encouraged to share more immediately through emails and social media.
  - Staff and external technical experts can be invited to make presentations and lead discussions at board meetings.
  - If necessary, the board can access independent professional advice, for example on legal, financial or governance matters at the NGO's expense.
- **Avoiding conflicts of interest and duty:** Board members are chosen partly for their active involvement in other organisations. At times, this can create a conflict between the NGO's interests and personal interests or responsibilities to other organisations. These conflicts can be of two kinds:
  - A conflict of interest – when a board member has a material financial or other interest in a board decision or discussion either directly or through another organisation: it is mainly about money.
  - A conflict of duty – when a board member has a duty, for example as a director or employee, to another organisation that is related to a board decision, discussion or public stance: it is about split loyalty.

The NGO needs rules for behaviour in these situations. Some ask for conflicts of interest or duty to be declared at the start of a meeting, others at the time of the discussion. Depending on the extent of the conflict, the affected board member may be asked to leave the room or online discussion or allowed to stay without speaking or voting.

It is good practice for the NGO to have a register of interests in which board members record all relevant private interests and duties, perhaps updated annually.

### 3.6 BOARD MEETINGS

Membership of a board is not just about board meetings but they are central to the role. This section offers ideas for how to ensure meetings are effective and efficient.

- The **frequency and duration** of meetings vary greatly between NGOs. Many find a 3-4 month interval suitable: anything longer makes it more difficult for board members to keep up, especially if they miss a meeting. Two hours may be enough for smaller NGOs, a whole day may be needed for larger and more complex organisations. A key consideration for face-to-face meetings is travel for those coming from a distance.
- The experience of the covid-19 pandemic has shown how much can be achieved in **online meetings** through technologies such as Microsoft Teams, Skype and Zoom. This greatly reduces travel time, costs and carbon dioxide emissions. However two sessions of two hours online in a day seem to be about the maximum that is productive. Some NGOs may prefer a short monthly meeting with occasional face-to-face meetings when these are possible.
- Whoever leads in drafting the **agenda**, both the Chief Executive and the Chair need to be involved in setting it. Time is always a problem so indicative timings on the agenda are very helpful.
- There tends also to be a struggle between the urgent (e.g. internal processes to approve) and the important (longer term trends and issues). Many boards complain that too much time is spent on paperwork and not enough on **strategic thinking**. It may help to allocate time accordingly and to set up sessions focused on, for example, blue sky thinking about what is emerging.
- Boards often find it helpful to be explicit about whether an agenda item is for **information, discussion or decision**.
- **How are decisions made?** In many NGOs decisions are usually made by consensus but there has to be a means of making decisions by voting if consensus is not possible. The Chair may or may not usually vote, may vote only if other votes are tied – or may vote with a second casting vote in the event of a tie.
- **Who should attend board meetings** other than board members?
  - The Chief Executive (except as noted below) should normally be present throughout.
  - Some NGOs also include another member of staff to record the minutes.
  - The board Secretary, who advises on governance and formal reporting, is a role sometimes filled by a senior member of staff such as the Finance Director who should then normally attend board meetings.
  - Many NGOs invite the whole senior team to attend throughout. If meetings are long they may find this burdensome – and it is not helpful for the meeting if the head of fundraising

is seen to be working away on their emails during a board discussion. On the other hand it is a great way to ensure board and senior team understand each other well.

- An alternative is to be flexible, with members of staff coming and going for individual items, though that does then require timing to be well-managed.
- If other staff attend board meetings, it is good practice for the **Chief Executive on their own** to have some time, most conveniently at the end of the meeting, with the board. This is an opportunity for them to raise with the board any sensitive issues such as staff matters. If this is a regular fixture it will not cause alarm among staff.
- **Board-only sessions**, without the Chief Executive, are needed in a crisis between board and Chief Executive and are therefore alarming to staff when they occur. They are however helpful at other times, for example when discussing the Chief Executive's performance. Again, if they are a regular fixture, every other meeting or twice a year, they are less likely to cause concern.
- There is great value in holding a board **Away Day** about once a year. This is normally a residential occasion for one or two nights, allowing board members to meet each other informally and over a longer time. The Away Day can focus on major issues that cannot get enough attention in regular board meetings or that require sustained effort such as considering a merger or launching a strategy process. It is also an opportunity for the board to review its own performance or to consider the results of a board review.
- **Bringing in the mission:** A concern for some NGOs is who is not present at the meeting: its beneficiaries/service users (unless represented on the board). Here are some ways to tackle this:
  - Beneficiaries/service users or partners can attend the meeting physically or online to give their perspective directly and powerfully.
  - Beneficiaries/service users can be represented by an empty chair at the table in a face-to-face meeting.
  - Posters or YouTube clips can be shown in the breaks or at the start, illustrating the NGO's work.

The aim is to remind all those present whom the NGO ultimately exists to help.

### 3.7 COMMITTEES

Committees offer an opportunity for a few trustees with a particular interest or expertise in a subject to work on it in more detail than is possible for the board as a whole. It is not easy to choose what is focused on by a committee and what is only considered by the whole board and NGOs vary in their selection, some having no committees at all. Finance, often combined with audit, is often seen as needing the attention to detail that a committee can offer, but there are arguments both ways on whether, for example, risk or programmes are so important that the whole board should be involved throughout. Even in the case of finance the danger is that board members not on the finance committee feel they do not have to understand the NGO's finances as the committee has taken good care of them. Possible committees include:



- Finance/Finance and Audit/Finance, Audit and Risk/Finance and Investments/Finance and Funding
- Investments
- Audit/Audit and Risk
- Remuneration: terms and conditions of the Chief Executive and sometimes also the NGO's policy on terms and conditions for other staff
- Human Resources/Human Resources and Organisational Development/People
- Operations including sustainability
- Governance/Board Development: such a committee can cover:
  - Monitoring and advising on the diversity, balance and skills of the board
  - Designing and overseeing recruitment and induction of new board members
  - Board/governance manual
  - Developing and reviewing governance processes
  - Organising board or governance reviews
  - Training of board members in governance matters

Committees have to be established with care, partly to ensure they do not displace the role of the full board and also to avoid duplication and bureaucracy. Issues to examine are:

- Terms of reference that describe the role of the committee. Does it have any decision-making power delegated by the board? This is usually only by an explicit board decision related to a specific action, for example to complete work on the annual report.
- How does the committee report back to the board? This can be by a paper or oral report at each board meeting, but for financial information additional reports may be needed, for example quarterly if there is no immediate board meeting.
- Who chooses the members of the committee and its chair or co-chairs? The board, the board's Chair or the committee itself?
- Can non-board-members be invited onto the committee? This can be a helpful way to bring in expertise and also to form closer links with someone who could later become a full member of the board. A former board member can also be invited to stay on a committee after leaving the board to preserve institutional memory.
- Does the committee have its own terms of office for those who are not board members?
- Are there any ex officio members of the committee? For example the Treasurer is often the ex officio chair of a financial committee and the Chair is often an ex officio member of a governance/board development committee.

- Can board members not on the committee attend meetings as observers? This can form a helpful part of a new board member's induction.

### 3.8 THE ROLE OF THE INDIVIDUAL BOARD MEMBER

The sections above describe the role of the board member as part of the board team. What does this mean in practice for an individual board member? Much of what follows flows from the collective role:

- Contributing at board meetings is a key part of the role and includes:
  - Studying the papers in advance
  - Speaking clearly and concisely, bearing in mind the needs of anyone for whom English is a second language or who has poor hearing
  - Remembering there is no such thing as a silly question
  - Helping the Chair to ensure everyone feels included and listened to
- Contributing through work on committees and ad hoc working groups may be a substantial part of the work of a board member.
- Between board meetings a board member may also be asked to help with publicity or fundraising, attending events and acting as an ambassador for the NGO.
- A board member may bring valuable expertise that can help members of staff in a related function. They then need to be aware of the distinction between their two hats:
  - Their governing hat: as part of the board working together they have authority over the Chief Executive.
  - When providing specialist advice individually to a member of staff they are wearing a volunteer hat and the member of staff is the boss, free to accept or reject the advice.

In situations where both hats could be worn, for example in a board meeting, the governing hat takes precedence.

- It is a good idea for the board to discuss with the Chief Executive their feelings about contact between board members and other staff. Some Chief Executives prefer all contact to be checked with them except for standard links such as those between the Treasurer and the Finance Director. Others are relaxed about board members walking through an office and chatting with people provided they are sensitive about how busy people are. If in doubt a good general rule is that contact should be checked with the Chief Executive.
- Individually and collectively, the board has a key role in establishing the values and influencing the culture of the NGO. For example, the questions that board members ask, inside and outside formal meetings, are powerful indicators to staff of what matters. If board members visiting a housing project ask questions about carbon dioxide emissions they convey a message as strong as a formal policy.

- Board members are encouraged to challenge proposals on the basis of their judgement. However, in the words of the Charity Governance Code, *'Once decisions are made the board unites behind them and accepts them as binding.'*
- Board members need to adhere to strict ethical standards including honouring the board's rules about expenses and conflicts of interest and duty. Chief Executives groan when a board member seeks a special favour for a friend or relative, such as an internship.
- **Expenses:** The role of board member is voluntary and usually unpaid. Board members should not however be out of pocket as a consequence, though most NGOs do not compensate for loss of earnings arising from time spent on NGO business. Reasonable expenses should be paid by the NGO provided they are wholly and necessarily incurred in the performance of work for the NGO. That includes travel to and from board and other meetings, accommodation and subsistence expenses. Some NGOs have rules relating to climate change restricting the use of air travel and taxis and many forbid claims for alcoholic drinks.
- Some boards establish a **code of conduct** to suggest good behaviour on matters such as those above and others such as email etiquette. Others feel this is too much like control and contrary to their culture.

### 3.9 THE ROLE OF THE CHAIR

In addition to the duties of a board member, the Chair generally has the following particular **responsibilities**:

- Working closely with the Chief Executive for whom they are the closest they have to an individual manager, giving and receiving support and, where appropriate, challenge.
- Leading the board in assessing and giving feedback to the Chief Executive on their performance.
- Preparing the agenda for board meetings in consultation with the Chief Executive.
- Chairing board meetings to ensure that discussions are held and decisions made in an efficient way that fully involves all board member present, finishing on time.
- In some cases, being an ex officio member of certain committees, such as a board or governance committee. Some Chairs also have the right to attend other committees.
- Developing personal relationships with all board members. It is very helpful if at least once a year the Chair discusses privately with each board member their role, their reflections on past work and their aspirations for future work.
- Keeping themselves well informed on all internal and external matters of major significance for the NGO and involving the board whenever necessary at the appropriate time.
- With the agreement of the Chief Executive, representing and speaking for the board at internal events and for the NGO at public events.

It is good practice for the Chair themselves to receive regular **feedback** on their performance. This can be included as part of an annual board review, for example, at least if it is facilitated by an external consultant.

The Chair should usually have their own **term limits**, such as three years renewable once only for a further three years. It is then important to be clear whether this overrides their term as a board member. This is normally a good idea – otherwise the internal choices for a future Chair are limited as some board members will be too new and others will be too near the end of their terms.

Many boards find it helpful also to have a **Vice Chair or Deputy Chair**. Their role usually complements that of the Chair in a flexible way. For example, the Vice Chair might focus on governance issues. They are also the immediate alternative if the Chair is not available to chair a board meeting and they can act as a confidential sounding board for the Chair. They may also have a role as a mediator in the event of disputes within the board or between the board and Chief Executive.

### **3.10 THE ROLE OF THE TREASURER**

Many boards find it helpful to designate a board member with financial expertise as the Treasurer. Typical components of this role are:

- Overseeing the operation of the NGO's financial functions without detracting from the line responsibilities of the Finance Director and Chief Executive
- Interfacing between board members and the NGO's financial functions, interpreting financial matters as required by board members, both within and outside board meetings
- Chairing one or two finance and/or audit committees. In some cases however it is felt important for the independence of an audit committee that the Treasurer is not a member of the committee.
- Acting as a specialist volunteer advisor to the Finance Director and the finance function.

As with the Chair, the Treasurer may have their own term limits, or their term can be limited by their term as a board member.

## APPENDIX 1: KEY PRINCIPLES FOR GROUPS OF ORGANISATIONS AND GOVERNANCE IMPLICATIONS

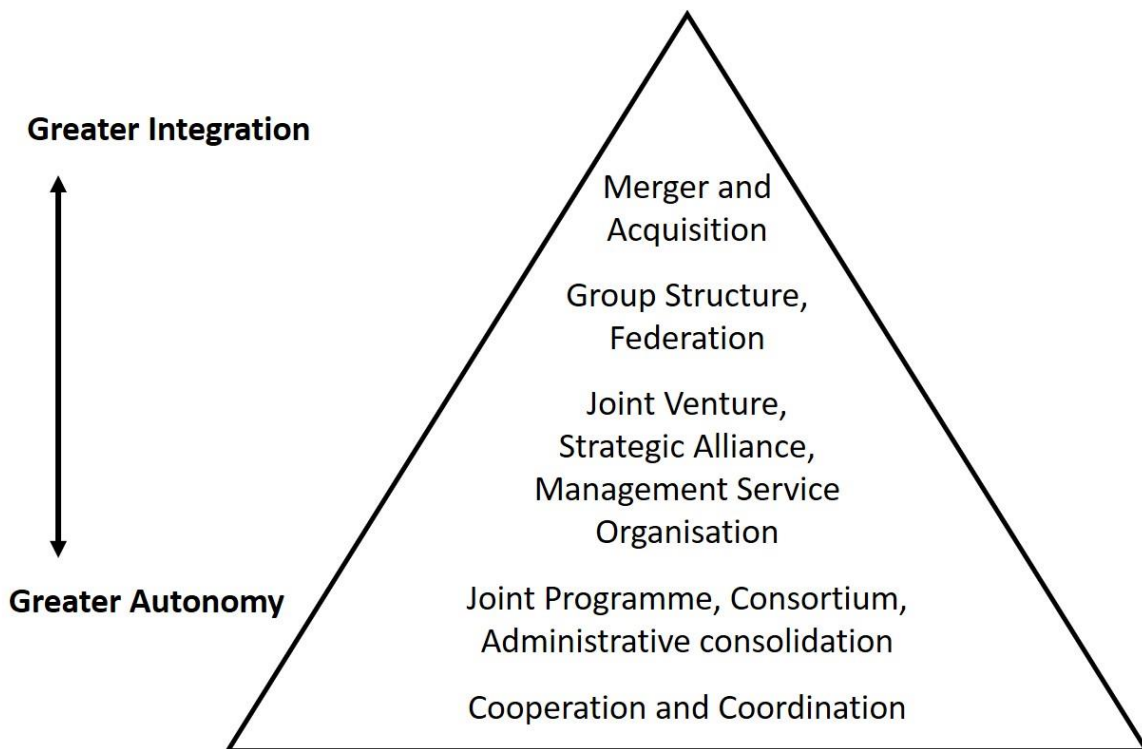
As described in the Introduction, organisations may be linked together for certain purposes to enhance their effectiveness. They may be geographically distinct, being based in different counties or countries, or they may hold distinct areas of expertise. This Appendix presents some key principles for such groups of organisations and explores their implications for governance.

We have often found that using a simplified set of principles (originally developed for working with federations or group structures) is very helpful to organisations when considering different forms of collaboration. This is especially the case for more integrated forms (to read more about the origins of these principles, please read our Ripple paper on [‘Effective Organisational Change in Federations’](#)). Four key principles are as follows:

- **Effective decision making.** It is more effective, as well as more motivating, for people involved with collaborative structures to retain as much autonomy as possible within their respective contexts. For this to happen, it needs to be agreed what is going to be decided collectively and what freedoms of decision making exist for different elements of a collaborative entity. This can have many different manifestations: for instance, in the case of the International Federation of Red Cross and Red Crescent Societies (IFRC), different decisions are made by the international secretariat, in contrast to decisions made by Regional Offices (e.g. Africa), in contrast to decisions by Country members (e.g. in Kenya, Thailand or Finland), in contrast to different teams within a given country. It is important to be clear what decisions are taken at different levels, even though this hierarchy of decisions will change over time. It is also important to have a shared voice to influence issues at a higher level where relevant (e.g. international humanitarian responses in the case of the IFRC).
- **Shared rules and standards.** To support this hierarchy of decisions it is necessary to have sets of systems, policies and standards which are developed for relevant parts of a collaborative endeavour. These need to focus on what really has to be shared across the organisations for reasons of impact, efficiency and reputation whilst optimising the benefits of local autonomy and shared learning.
- **Sense of belonging.** It is important for people in collaborative ventures to feel a sense of belonging at several different levels. For instance, in the case of the IFRC, a person might feel a sense of belonging to a local team, a country and a region along with the International Red Cross and Red Crescent Movement as a whole. It is important to understand and respect different identities at different levels. People’s feelings of belonging and identity are a very significant part of organisational culture.
- **Interdependence.** It is important for people to feel committed to the principle that each part of a collaborative initiative needs the help of the other parts, as well as any co-ordinating body that might exist, in order to develop and thrive.

## What are the implications for governance?

The implications for governance depend on the form of collaboration between organisations:



**In the lower two levels** of the diagram, the collaboration is likely to be primarily a management matter, guided by the board as necessary.

**In the middle level** (Joint Venture etc.) the board may be deeply involved in planning and establishing the collaboration but retains its own independence. There are changes to the Monitor and Money and Risks roles of the board as it needs to take account of the needs of the partner(s) and their financial position(s). Risks include shared as well as the organisation's own reputation.

**In the Group Structure or Federation level** the governance implications are substantial. The board has to be deeply involved in the establishment of the new structure as it involves both a reduction in its own autonomy and a major enhancement of the impact of its work. For example in a federal structure implications for the 5M roles are likely to be as follows:

- **Mission:** In a federation there are two strategies, one for the organisation itself and one for the federation as a whole. Developing the federal strategy involves collaboration between representatives of the members of the federation and approval by a federal board and/or other governing bodies. The organisation's own strategy then has to complement the federal strategy, both supporting it and taking opportunities created by it.
- **Monitor:** Monitoring in a federation includes ensuring that the organisation is contributing appropriately to the federal strategy, through dialogue with federal governing bodies and management. Data from the organisation are needed by them – and in return the organisation

gains access to learning and comparative data from other members of the federation. Governance responsibilities may include ensuring that there is, for example, an annual report to the federation.

- **Money and risks:** The flow of money to or from the rest of the federation may be a key feature of the organisation's finances. A broader range of risks has to be considered. For example actions by one member of a federation may cause reputational damage to the federation as a whole and other members within it.
- **Motivating and holding the Chief Executive to account** may not be directly affected. However the Chief Executive has the benefit of colleagues who provide additional support and a forum for collaborative work. In some federations there may be a role for federal management or governing bodies in the appointment and dismissal of the Chief Executive.
- **Maintaining the board** has new elements in the form of the board's role in governing and gluing together the federation as a whole. This may include some of the following:
  - Representation on a federal supervisory council or assembly
  - Election of members of a federal board
  - Appointing a board member to join another board in the federation
  - Receiving a board member from another part of the federation
  - Contributing to reviews of federal governance

**At the top, Merger or Acquisition, level** of collaboration the board is still more deeply involved, both in the development of the process and in changing its own structure and membership. In most cases a new single board is formed with some members from the original boards included to provide continuity both practically and symbolically. Nonetheless the board is essentially new and the strategy and board processes need to be worked on afresh.



## APPENDIX 2: KEN BURNETT'S 21 KEY ASPECTS OF GOOD GOVERNANCE<sup>13</sup>

1. The board serves the organisation, not the organisation serves the board.
2. Make sure everyone fully understands the different roles of the board and the management 'top team'. *Management* manages. The *board* governs. Define the different roles, making clear what governance means.
3. Agree the board's main roles. There are (usually) five.
4. Prepare a written strategy, together with the CEO, just covering the board and what it does, that everyone can buy into, board members and senior staff alike.
5. Keep the CEO involved (and management team too). Never meet without the CEO, unless in a crisis that involves replacing the CEO.
6. Immerse all board members in the board's mission. Let trustees see the work personally, for themselves.
7. Work with the management team to produce a rolling organisational strategy. Ensure there is universal commitment to this strategy, 'the glue that binds us together'.
8. Reduce paperwork. Make sure your meetings serve the needs of the organisation, not those of the trustees.
9. Get the board's balance right: introduce formal terms of service, retirement policy, age and gender balance, representation from the field, regions, retaining institutional memory, etc.
10. Establish a board development committee, or group to continuously recruit the right skills and experience for a qualified, balanced and representative board. Its roles include identifying and recruiting trustees, induction, development and goal-setting. Produce an excellent board recruitment pack.
11. Offer frequent development opportunities for board members so that they can grow in their roles, increase the value of their contribution and avoid becoming stale. Implement a regular induction programme for new trustees, which established members can join too, for refreshment and renewal.
12. Run good, interesting and enjoyable meetings. Make sure they start and end on time.
13. Communicate effectively: between meetings, to staff, to the outside world, but mostly to the board to let them know any important happenings.
14. Practise openness and accountability. Publish your governance procedures and outcomes widely.
15. Establish procedures for managing tasks/committees.
16. Ensure that when board members work for the organisation in addition to their trustee role, both inside and outside the board, they do so as respected volunteers, not revered and unchallengeable trustees.
17. Conduct regular formal board assessment.
18. Organise board retreats regularly (this can be dispensed with if your board meetings involve an overnight stay for all trustees).
19. Have strategies for dealing with difficult board members.
20. Retain a sense of humour, celebrate successes and have fun.
21. Share your experience and knowledge freely with other boards and trustees.

---

<sup>13</sup> 'Tiny essentials of an effective volunteer board', Ken Burnett, White Lion Press, 2006 – with author's permission

## Caplor Horizons – Background

Established in 2014, Caplor Horizons is an independent charity. We work with other charities and responsible businesses and now have over 50 Advisors. These are outstanding people that bring specialist knowledge and experience. They contribute their time on a voluntary basis, or at reduced rates, so that Caplor Horizons can provide high quality and distinctive services at an accessible cost.

Working locally, nationally and internationally, we help other organisations think differently about themselves and the new horizons that they face. We support them in strengthening their leadership, renewing their strategy and improving their influence.

We want to encourage and assist a new generation of organisations that are committed to making a positive and lasting impact. We believe that if we are to achieve real, sustainable change, we need to inspire and enable people to learn differently, think differently and act differently.

**Our vision is:** *A world where leaders deliver a sustainable future for all*

**Our purpose is:** *To be courageous, compassionate and creative in facilitating transformational change*

**Our values are:**

- **Courage** – We are courageous change makers committed to challenging assumptions, taking risks and having difficult conversations
- **Compassion** – We are open, understanding and heartfelt, encouraging the nourishment of our whole selves and others
- **Creativity** – We learn, think and act differently, and are innovative and resilient in an ever-changing world

**Our beliefs are:**

- Through diversity we ignite dynamic innovation
- Collaboration helps achieve greater impact
- Everyone matters
- We are all leaders in our individual and collective ways – we are all change makers!
- Learning is more effective if it is fun, engaging and creative
- Building on people's strengths creates greater resilience

**Our strategic goals:**

- Goal 1: Transforming Leadership
- Goal 2: Strengthening Resilience
- Goal 3: Increasing Collaboration

Learning differently  
Thinking differently  
Acting differently

