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Governance Essentials: Duties, Decisions and Risk

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Agenda

1. Refresher on Trustees’ Duties
2. Robust Decision-Making
3. Risk Management is more than just a Risk Register
4. Governance Themes

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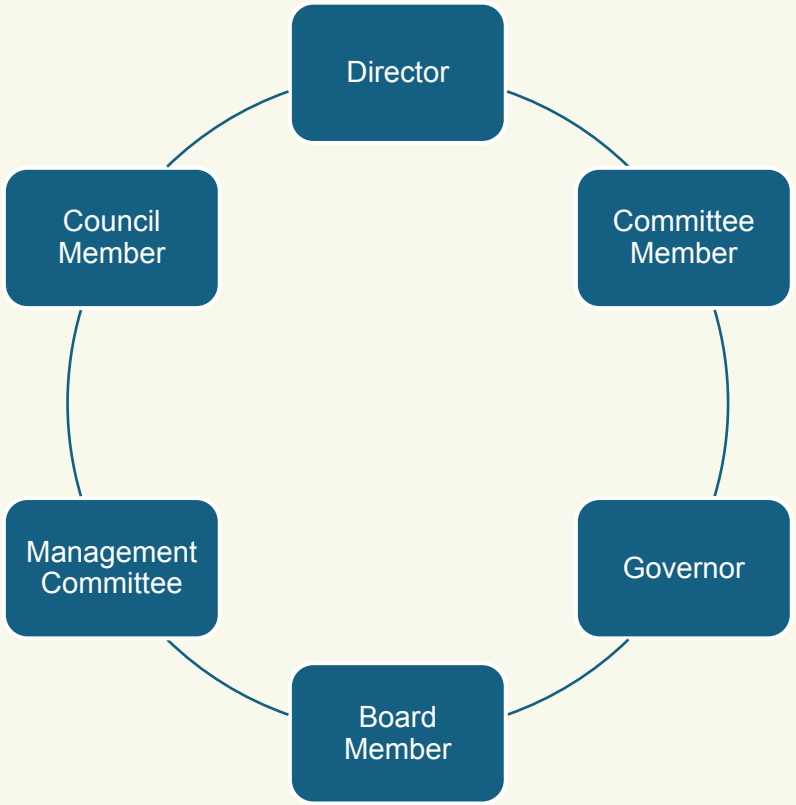
Trustees’ Duties

What is a Charity Trustee?

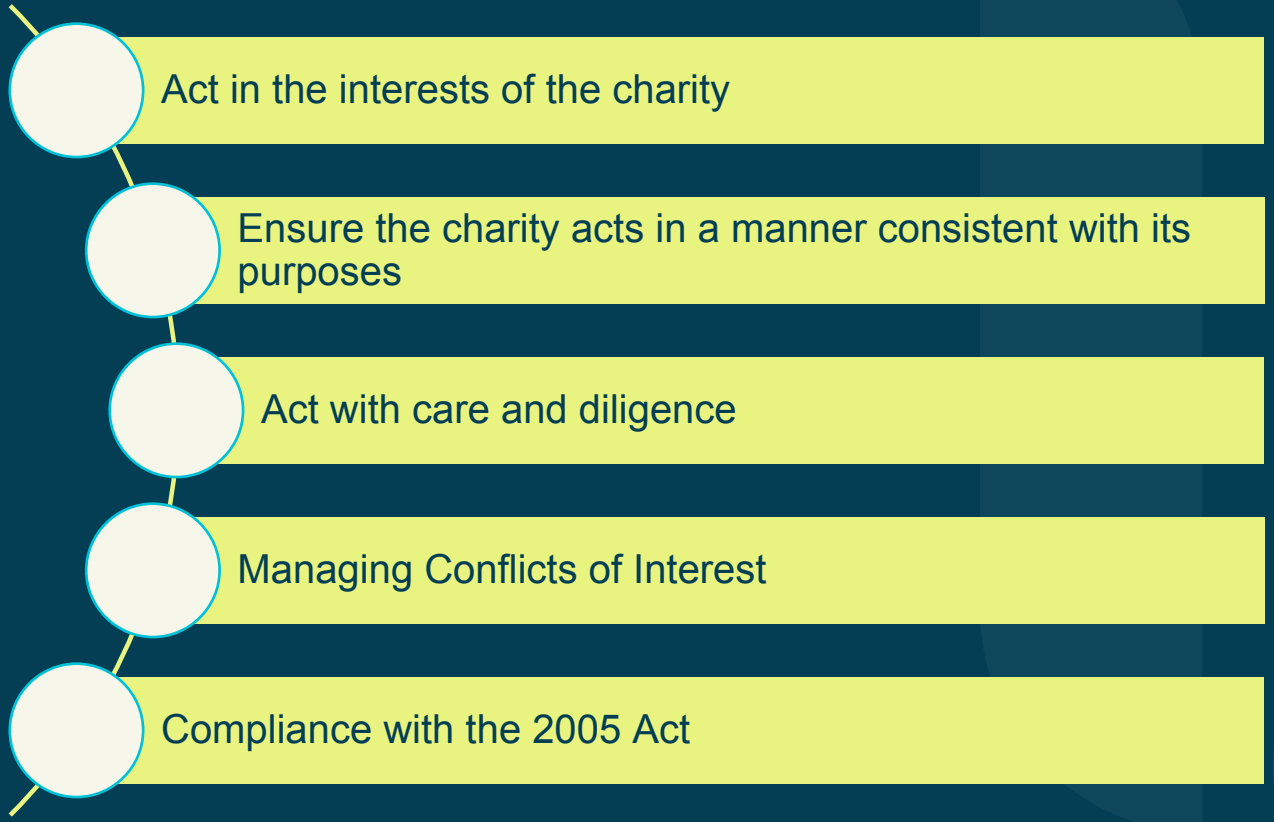
"Persons having the general control and management of the administration of a charity"

"trusted to look after the charity's assets and responsible for making sure that the charity fulfils its charitable purposes"

A Trustee by any other name would govern as well….



Duties & Responsibilities



Strategic vs Operational

Strategic

- Setting mission and long-term outcomes
- Agreeing policies
- Approving budget
- Agreeing risk appetite

Grey Areas?

- Budget overspend?
- Employee matters with reputational risk and/or instability?
- Safeguarding incident?
- Ethical fundraising considerations?

Operational

- Delivering services
- Managing budget
- Recruiting and manging staff
- Producing reports and papers

Trustees focus on oversight, direction, accountability and stewardship, while SMT retains responsibility for delivery and execution.

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Robust Decision-Making

Collective Responsibility

*"All the charity trustees are **collectively responsible** for the charity. No one individual charity trustee should have more power or control over the charity than the others. Charity trustees are not only responsible for their own actions; they are also responsible for the joint actions and decisions taken by the charity trustees."*

- OSCR

7 Principles of Decision-Making

Act within powers	• In line with Governing Document • Check for any additional rules
Act in good faith	• Open, fair and honest • Considering options & in charity's best interests
Sufficiently informed	• Consider enough relevant information • Manage risks • Professional advice / stakeholder engagement
Relevant factors	• Depend on nature of the decision • Eg short and long-term impact

7 Principles of Decision-Making (cont.)

Disregard irrelevant factors	• Inc. personal feelings • Trustee determination
Conflicts of Interest	• Actual or potential conflicts • Personal or financial
Range of reasonable decisions	• Which option is in the charity's best interests • Reasoning and justification

Good Governance & Decision-Making



Recording decisions



Agree to disagree?

- A diverse board will lead to diversity of thought – a desirable trait
- Independent judgement, constructive discussion, empowered to raise concerns & challenge decisions

- What if there is a disagreement?
  - Further information/evidence required
  - Take a vote
  - Record dissent
  - Outward consensus
  - Resign

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Risk Management

Risk Register

- Adopt a style that works for your charity
- Record key risks facing the charity
- Assess the likelihood and impact of each risk
- Identify existing controls and mitigation measures
- Allocate ownership to responsible individuals
- Highlight actions required and review dates
- Support board discussions and strategic decision-making

Beyond the risk register…embed within culture

Trustees should consider risk whenever they:

- Approve strategic plans
- Set budgets and financial forecasts
- Launch new services or projects
- Enter partnerships or contracts
- Manage people, safeguarding, or cyber security issues
- Respond to changing external circumstances

Risk Awareness

- Standing Board agenda item
- Link to strategic objectives
- Use risk register as a discussion tool

- Trustee training & development
- Encourage open & honest reporting
- Consider wide range of risks

- Review risk appetite – not just for investments
- Use incidents as learning opportunities

Risk-aware trustees actively question, challenge, discuss and monitor the uncertainties that could affect their charity's ability to achieve its purpose.

By embedding risk conversations into governance, strategy and decision-making, charities can become more resilient, responsive and effective.

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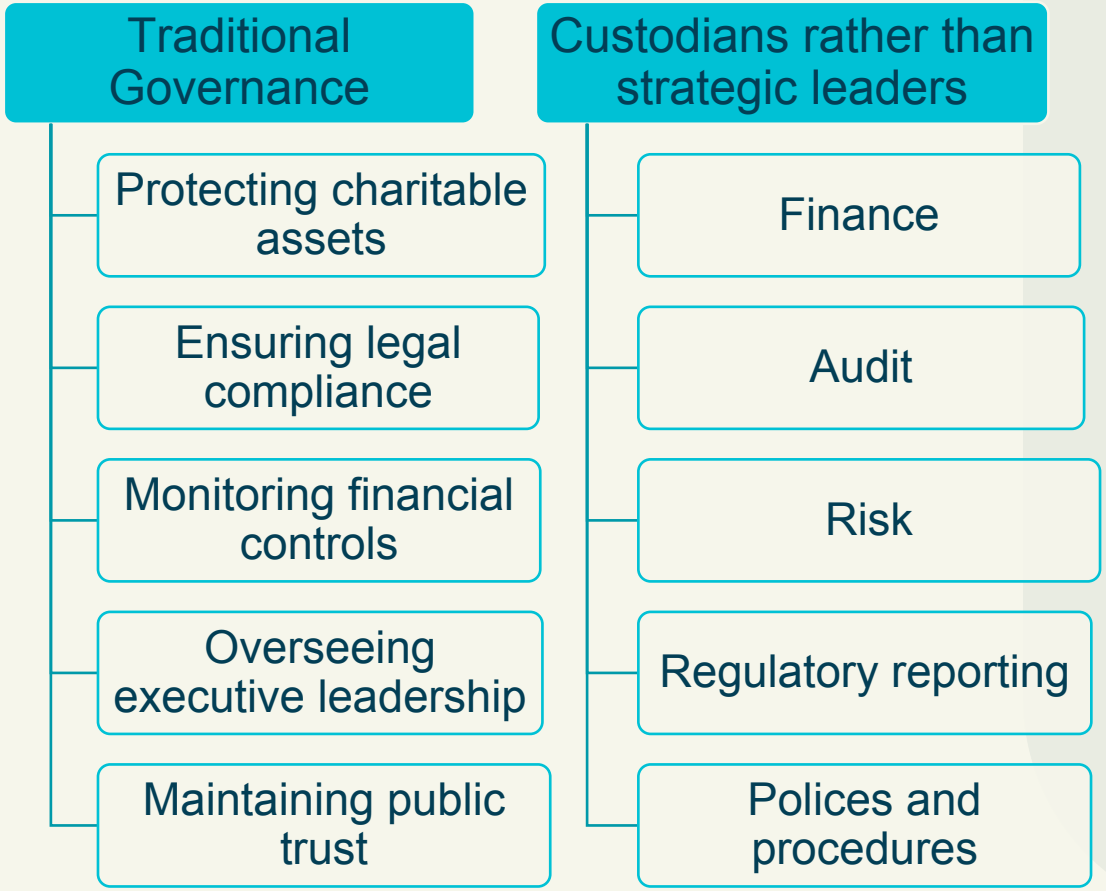
Governance Themes


Traditional Governance
Protecting charitable assets
Ensuring legal compliance
Monitoring financial controls
Overseeing executive leadership
Maintaining public trust
Custodians rather than strategic leaders
Finance
Audit
Risk
Regulatory reporting
Polices and procedures

- Strong accountability
- Protection of assets
- Clarity of responsibilities

- Overly procedural
- Focus on avoiding failure rather than enabling impact
- Monitor rather than lead

What societal need are we addressing?	How quickly can we adapt if conditions change?	What might emerge next?	Should we do this?
Theory of change Impact measurement Sustainability Strategic partnerships Growth & transformation Income diversification	Scenario planning Organisational resilience Innovation Horizon Scanning Ecosystem thinking	Challenge assumptions Surface blind spots Explore alternative futures Anticipate emerging threats & opportunities	Fundraising Partnership Investment Service Design

A Potential Future Board Agenda….

20% Fiduciary:-

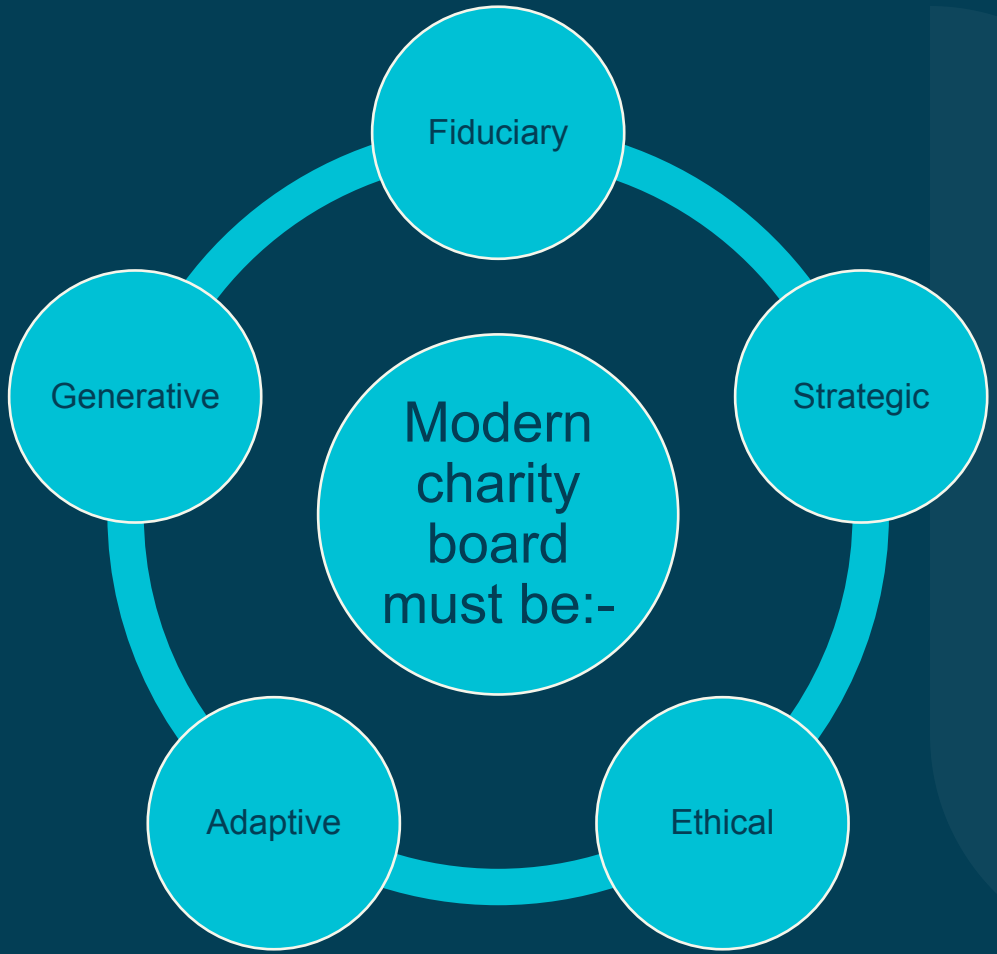
- Finance
- Risk
- Compliance

40% Strategic:-

- Performance
- Impact
- Sustainability

40% Generative and Ethical:-

- Future trends
- Stakeholder insight
- Emerging societal issues
- Ethical dilemmas


Fiduciary
Strategic
Ethical
Adaptive
Generative
Modern charity board must be:-

Questions?

Contact



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