

What charity trustees need to think about

Introduction

Inspiring Scotland are committed to supporting Boards and Trustees and we hope you find this information helpful.

A crisis is where the whole board should come into its own and wrap its support around the CEO. They should provide the foresight, oversight, insight and reassurance that is necessary. There should also be clear lines of communication between the CEO and Chair.

Organisations and individuals only have a limited capacity. One of the greatest contributions a board can make is to help decide what can be delayed or dropped. The external environment is evolving rapidly. As a result, there's a need for organisations to respond quickly. Trustees should therefore consider if they can support by reprioritising activities and adjusting expectations on delivery and reporting. This will likely apply to everything from Key Performance Indicators, financial reporting and the timing of board papers. Board leadership is critical at this time and it should be supportive, clear and concise to the CEO and the senior management team at the charity.

Coronavirus will have implications for charities as well as their staff, volunteers and beneficiaries. In this short paper, we set out some key areas which trustees should consider when thinking about how best to support and guide their organisations.

Governance

Create a crisis team – this could be a subset of trustees and charity senior staff. If possible, it should include the CEO/Finance Director/Treasurer/HR. This team should communicate regularly and report back to the full board at least monthly. You may want to consider implementing spending limits, clarifying signatories for your banking and you should distribute staff and board contact lists. Keep very clear meeting minutes: rapid decision making must be fully documented! Auditors will require to see these later in order to get a detailed review of COVID-19 impact on cash flow and unrestricted funds over the next 12 months.

Information is the key on which to base decisions

Financial information should be reviewed – all income and expenditure, at current and expected levels. What expenditure can be cut? What income might the charity lose?

- Contracts/service level agreements/grants
- Assets – reserves/restricted funds/endowment funds. Perhaps now is the time to use reserves. Also ensure you do not use restricted reserves to subsidise general activities or core costs even in these difficult times.

- Bank balance
- Funding pipeline/calendar
- The Scottish Finance Secretary also stated that she would write to all Local Authorities requesting that they respond positively to rates payers looking to defer payment for a period of time.
- Develop a crisis plan which will be based on a revised budget with different scenario's/stress testing (e.g. no income for the next quarter then a 25% pick up etc if you have income generating businesses) and cash flow forecasts. Both will be guesswork, but it is still a worthwhile exercise. Identify responses to mitigate the risks.
- Having undertaken the above steps it is very important that the board meets on a regular basis to review the plan it has put in place against the financial information available to it.

Communicate

Bank/HMRC/creditors/debtors

- Speak to funders about the impact of cancelling, delaying project activities, or even in repurposing funds
- Seek professional advice
- Consider how current restrictions might impact corporate decision making, audits and filing deadlines as well as meetings such as AGM's. See guidance from OSCR below

Staff information to be reviewed

- Can staff work from home
- Can staff be furloughed
- Contingency planning to provide clear lines of authority and communication in case of absence of key staff members
- Give authority to staff or individual trustees to make key tactical decisions quickly

Service users and level of delivery

- Consider what essential operations and services/support can be delivered virtually – online or via telephone
- What can safely be delivered physically by the charity abiding by NHS/Scottish Government guidance
- What extra flexibility or support might employees, volunteers and service users need at this time and how can the charity communicate with them?

Review

Government rescue packages

- <https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme>

SCVO Coronavirus third sector information hub

- <https://scvo.org.uk/support/coronavirus#>
- Includes details on emergency funding
- Check daily for updates

OSCR COVID-19 guidance

- Reporting does not need to be at the very top of your list. Making sure you have the time and space with your fellow trustees to make the right decisions for your organisation is the main thing to be thinking about. As always, make sure you are recording the decisions you make and the reasons for them.
- <https://www.oscr.org.uk/news/charities-and-coronavirus-an-update-from-the-regulator/>
- OSCR requires charities to report Notifiable Events. This is when something serious has happened or is happening to the charity. They don't want to know about every event, only those that threaten to have a significant impact on the charity or its assets. By doing this, they want to encourage charities to deal with issues quickly and effectively to prevent them from becoming a serious problem for the health of the charity and, potentially, for the wider charity sector.
- Trustees should be advised to apply the usual tests in determining whether the threshold for a notifiable event has been met, though noting when COVID-19 has been a contributory factor. In particular where it has had a significant impact and/or created a situation that the trustees could not reasonably have foreseen.
- <https://www.oscr.org.uk/guidance-and-forms/managing-a-charity-guidance/notifiable-events-guidance/>
- Many charities are also regulated with other regulators such as the Care Inspectorate it may be worth evaluating what other obligations there may be that require a report or update to be made to the relevant regulator.
- If you file your annual accounts with Companies House **and** if these are likely to be late you need to apply for an extension otherwise you will be automatically fined - there is no flexibility!
<https://www.gov.uk/government/news/companies-to-receive-3-month-extension-period-to-file-accounts-during-covid-19>

Information Commissioner's Office (ICO) Data Protection and COVID -19

- <https://ico.org.uk/for-organisations/data-protection-and-coronavirus/>

BE AWARE OF AN INCREASED LEVEL OF FRAUD/CYBER CRIME FOR YOUR CHARITY AND PERSONALLY. There will no doubt be an increase in unscrupulous people trying to take advantage when organisations are focused on other things.

- <https://www.gov.scot/policies/cyber-resilience/advice-guidance/>
- <https://takefive-stopfraud.org.uk/>

Hold remote meetings

Now that the government has advised against the movement and gathering of people, meetings have to be held differently. You may want to try one of the following free or low-cost internet video facilities such as Zoom, Skype, Microsoft Teams etc.

A well-organised remote meeting can be as effective as an in-person meeting. It should also be remembered that the key meeting protocols should be observed i.e. setting a relevant agenda, distribution of key papers beforehand and accurate minute taking. Further points to bear in mind include:

1. Choose the right tools – carefully select the means by which you hold the meeting and make sure all participants have access to this.
2. Preparing a meeting beforehand – consider the format and agenda.
3. Have a plan B – technology can fail so you should always have a backup.
4. Be organised during the meeting – chairing can be harder when you're in different locations. It's harder to pick up on body language, etc, so set clear times and stick to the plan.
5. Behave appropriately – agree some ground rules for online meetings and stick to them. This is important for any meeting.
6. Don't ignore the "post remote meeting" – it's easy to shut your laptop or put down the phone and forget the meeting happened. Make a list of clear actions, record these and assign responsibility.

The third sector is going to have an important role to play in these exceptional circumstances. At Inspiring Scotland, we want to make sure we are here to support you. If you would like to speak to someone about your planning or would like advice from the Specialist Volunteer Network, please get in touch. The easiest way to reach team members is via email or mobile. You can also reach us via enquires@inspiringscotland.org.uk or elaine@inspiringscotland.org.uk

Guidance in this document has been taken from respective governmental authorities and recognised specialist bodies. Most will be updated as the situation evolves. <https://www.gov.scot/coronavirus-covid-19/>