



Spring Edition

May 2009



Charity & Education Newsletter

Trustee Appraisal – a great idea or an inappropriate affront to hardworking trustees?

Well, as you can imagine, opinions on this one tend to be polarised! Trustees are volunteers and any suggestion that they should be subjected to performance appraisal can be highly controversial and maybe offensive to those who give willingly of their free time to serve.

But perhaps there are advantages? And maybe the following observations could help to introduce this concept to your trustee board if the scenarios touched on have any resonance with you.

The problems of how to remove a troublesome trustee, an ineffectual trustee or how to fill skills gaps amongst the board can all be assisted in some instances by conducting appraisals.

Appraisal aims to review the performance of individual trustees. It should ideally form part of an overall review of the board's performance and effectiveness, which should seek to improve efficiency generally. Perhaps it could lead to the development of trustee job descriptions where they do not already exist. Feedback from recent Russell New Charity Breakfast Briefings suggests that many trustees welcome these guidelines to help them understand their roles and do what is required of them.

The process can and should inform and reassure Trustees, ensure they are comfortable with the role they have on the board and that they are not being asked

to take on responsibilities for which they do not feel properly qualified. The process should therefore reassure also those with a wider interest in the Charity that, as far as possible, every effort is being made to identify and comply with the charity's governing document and all other legal obligations arising.

Appraisal should contribute to team building and help to reduce friction between trustees and maybe between the board and the employees, by clarifying the allocation of duties among them, thereby minimising duplication of effort or omissions.

Without diverting too much management or trustee time from core activities, the appraisal can provide reports and contribute to an open forum at the next trustees' meeting for debate on the activities of the board and on the roles of individual members.

Appraisal systems can be adapted from many 'off the shelf' sources. We recommend in particular the NCVO 'Good Trustee Guide', which contains a comprehensive and easily adapted format which should suit most organisations.

Whilst this may not be necessary or desirable for smaller charities on a regular basis, maybe appraisal is just what your charity needs from time to time to get things moving...



Welcome to our Spring Newsletter. We have recently had more periods of involvement in charities looking for advice and assistance with getting the balance right on the trustee board; hence the headline for our lead article on appraisal! 'In the Hot Seat' for this edition is Jill Silk, new to the charity sector with a local animal rescue charity, and surprised by what she has found.

We have now hosted two lively and well attended breakfast clubs - why not consider joining us for August? Finally, we are delighted to be sponsoring the Independent Schools Council Conference on 2/3 June, come and visit us at our stand if you are attending.

Mark

Mark Cummins
Charities & Education Partner

In the Hot Seat

"Having worked in a global corporate environment for many years I was looking forward to a new challenge of working in a previously unknown arena, the charity sector. I felt content in the knowledge I would be putting my business and management skills to good use in an environment I felt passionate about. After all, the animal charity sector is soft and cuddly isn't it?....."

"My corporate experience had been, unsurprisingly, very structured with a respected understanding for appropriate behaviour within the organisation. I had not prepared for the levels of highly charged passion and emotion shown by the general public and their perceived right to ownership of you. A donation of money or personal time creates behaviours within some people bordering emotional blackmail. That said, this behaviour is shown by the minority of people and I have found my involvement within the small charity sector highly satisfying and fulfilling."



Jill Silk
Worthing and
District Animal
Rescue

2009 marks the milestone of WADARS serving Worthing and the surrounding districts for 40 years. Why not help celebrate at their 40th Anniversary Family Fun Day & Dog Show on Saturday 18 July 2009 between 10.30 and 4.00 at Steyne Gardens in Worthing, West Sussex. For more information please visit www.wadars.co.uk or call Jill Silk on 01903 200506.

Employment Matters

Pay for unused holidays

When an employee resigns, it can be a costly business for any organisation and in these difficult times, charities must do what they can to minimise the financial impact of the situation.

There has been some good news in relation to holiday entitlement. In the past, employees leaving have been able to insist on receiving pay for their unused holiday entitlement. This has been the case even in situations where there has been no work for them to do during the notice period or when placed on 'garden leave'.

A recent employment appeals tribunal has ruled in favour of an employer who wanted a resigning employee to take the four days' holiday due to him as part of his

notice period – which is great news.

As a safety net, lawyers recommend that employment contracts should be amended to indicate that employees may be required to use up any outstanding annual holiday during notice periods and that payment in lieu of holiday is at the employer's discretion.

Recruitment

Another aspect of employment cost is of course recruitment. Although many consultants are willing to negotiate reduced fees, especially during the recession, the costs are still significant. Why not consider paying a 'finder's fee' to your staff if they can make introductions of successful candidates? A fixed fee of a hundred pounds (or maybe

a few hundreds for a senior role) is likely to be good value for you and a welcome bonus for your employee.

Salary sacrifice

Another way to reduce payroll costs can be to look at salary sacrifice for employees wishing to make contributions to their own pension schemes. This needs to be carefully structured to take advantage of the tax and national insurance advantages. Most Independent Financial Advisers can assist with salary sacrifice arrangements, especially those with specialist Employment Benefits departments. If you would like an introduction to the firm with which Russell New has links, The Cavanagh Group, please contact Mark Cummins or Sylvia Spencer.

Mergers - an expensive business

Many charities are looking at merger with similar organisations as a way to cope with the consequences of the economic downturn. But there is a cost, as always – professional fees for the legal paperwork and for financial due diligence, maybe redundancies and other employment related costs, specialist pensions advice where two schemes need to be combined, rebranding the combined charities plus attendant publicity etc. Quite a long list and of course

good professional advice can be expensive.

Futurebuilders England is keen to promote and assist with mergers and has loan capital available for the purpose on very generous terms. So if the costs of merger are preventing progress down an otherwise desirable route - further information can be found by emailing info@futurebuilders-england.org.uk or by visiting www.futurebuilders-england.org.uk, or by telephone on 0191 269 2850.

