



The Governance
Institute

Guidance note

Charity trustee competence matrix

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1. Introduction

Introduction

Recent charity scandals have reinforced the urgent need for trustees to understand their role and duties and to perform them effectively. As trustees are responsible for the general control and direction of a charity it is important they are able to execute sufficient oversight over senior staff (where applicable) to ensure not just legal requirements are met but that the charity's culture and values are embedded throughout. Given that trustees are generally unpaid and have limited time to give to the role, it is essential that the board has the appropriate mix of skills, experience, knowledge and attributes to deliver good governance for the charity and its beneficiaries. While it is not unusual for boards to have trustees with specific detailed knowledge of one or more areas of the charity and its activities, it should be remembered that all trustees must be able to fulfil their legal duties as a minimum.

To assist charity trustees in navigating the governance arena, ICSA: The Governance Institute has developed this competence matrix. The matrix highlights factors that would indicate the competency of individual trustees, and boards collectively, highlighting what a trustee and boards should be able to demonstrate. The matrix covers minimum legal requirements alongside suggestions as to what would make a board more effective in helping the charity achieve its objectives. The matrix therefore provides a useful opportunity to discuss the collective strengths of the board and to identify areas where additional time, reading, support and training is required to enable the trustee body to be as effective as possible in leading and controlling its charity for the benefit of the community it seeks to assist.

If you have any feedback on the content of these resources, or additional questions that you'd like to discuss, please contact the ICSA information centre: **020 7612 7035** | informationcentre@icsa.org.uk

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Introduction

Those involved in charity governance can use the document to establish the current competencies of the established board and trace their trustee progression against highlighted destinations in the next 12–18 months. As individual trustees will be at different stages in their understanding and experience of the role, collectively and within each function, the document can be used in different ways:

- as a basic self-assessment tool
- as part of a board review discussion by the board
- as part of any peer, stakeholder or benchmarking reviews of the board's individual and collective performance.

For some boards the matrix may appear daunting. It could therefore be more appropriate for the matrix to be used as part of a board review exercise, linked to the strategic plans of the charity. Such an exercise could be facilitated by a trustee, staff member or external adviser to ensure that all participants get the most from the time. The person leading the review could generate a 'heat map' of the trustees' skills by collating the board's responses and transposing them onto the matrix using different colours to highlight those areas where the board is 'red hot' in fulfilling their duties and others where further investment in training and support is required.

It is unlikely that many boards will be able to honestly state that they are excellent across the matrix, especially where there has been a recent change in trustees, senior staff, or strategy. The matrix is as much an aspirational tool as a measure of trustee compliance and should be regarded as an additional dynamic to the practical support available to those involved in the governance of charities, supplementing existing guidance from the Charity Commission, ICSA and other infrastructure bodies promoting good governance. Of particular interest will be the Charity Commission's *CC10: Hallmarks of an Effective Charity*, together with *Good Governance: A Code for the Voluntary and Community Sectors*.

2. Charity trustee competence matrix

Charity trustee competence matrix

The table below provides summary indicators of a charity trustee's competence, drawing on the legal roles and duties of charity trustees (in England and Wales) and other established principles of good governance. The matrix enables self-assessment by an individual, or board, of current effectiveness and highlights criteria for improving. The table details the legal duties of trustees as listed in *CC3: The essential trustee*:

- ensure your charity is carrying out its purposes for the public benefit
- comply with your charity's governing document and the law
- act in your charity's best interests
- manage your charity's resources responsibly
- act with reasonable care and skill
- ensure your charity is accountable

Charity trustee competence matrix

There are five indicators of trustee competence which detail particular activities and outcomes that help identify where an individual's or a board's strengths may be at a particular moment in time. It is possible that progress may take a backward move in some situations as a consequence of the board's evolution. A board where all trustees strongly meet the compliant criteria will form a strong base for the leadership and governance of a charity, providing an opportunity for the board and individuals to focus on areas where they would like to improve. The five indicators are:

- compliant – minimum legal and regulatory requirements are met
- developing – principles of good governance accepted and documented
implementation activities available
- mature - effective and proportionate systems and processes are embedded which
impact positively on the charity's achievements
- advanced – board effectiveness and governance systems are regularly reviewed
and amended in light of the charity's evolution via a comprehensive assurance
framework which ensures continuous improvement through formal evaluation
- exemplary – the trustee board leads good practice in its governance and
effectiveness and seeks to share its learning with others while remaining alert to
new ways of working that are appropriate to the charity.

Charity trustee competence matrix

Trustee duty	Compliant	Developing
<p>Ensure your charity is carrying out its purposes for the public benefit</p>	<p>Understands the charity's objects and beneficiaries as detailed in the governing document.</p> <p>Ensures plans for the charity will fulfil the charity's objects and provide public benefit.</p> <p>Able to explain how each charitable activity furthers the charity's objects.</p> <p>Can articulate the overall public benefit delivered by the charity.</p> <p>Understands the legal role of the trustee board and the difference between governance and management.¹</p>	<p>Aware of 'mission creep' and militates against it.</p> <p>Understands 'ultra vires' and its implications.</p> <p>Ensures that charitable objects, mission and values inform all board decisions.</p> <p>Reviews the charity's activities with regard to the delivery of public benefit as detailed in regulatory guidance.</p> <p>Aware of other charities operating in the same environment.</p>

¹ See ICSA guidance note for further information on the difference between governance and management

Charity trustee competence matrix

Mature	Advanced	Exemplary
<p>Aware of, and alert to, any breach of duty.</p> <p>Shares a collective strategic vision for the fulfilment of the charity's objects.</p> <p>Seeks to regularly review the charitable purposes, mission, vision and strategies to ensure they are still relevant.</p> <p>Scans the horizon for socio-economic and technological trends that will impact on the ability of the charity to deliver public benefit.</p> <p>Ensures all new proposals meet the charity's stated objects.</p> <p>Seeks out a range of data, including personal visits to see the charity in action on the frontline (where appropriate), to provide an objective overview of the charity's effectiveness and impact.</p>	<p>Contributes to strategic planning, having due regard to public benefit requirements.</p> <p>In making decisions, balances the needs of current and future beneficiaries and the best way to meet those needs.</p> <p>Regularly considers collaboration, mergers and winding up as part of strategic decision-making.</p> <p>Benchmarks the charity's effectiveness against others operating in the same environment.</p>	<p>Able to articulate the public benefit delivered by each charitable activity, including the section of the public benefitted.</p> <p>Can easily explain the differences between the charity and others operating in the same environment.</p>

Charity trustee competence matrix

Trustee duty	Compliant	Developing
<p>Comply with your charity's governing document and the law</p>	<p>Ensures decisions are made in accordance with the governing document.</p> <p>Aware of all other relevant legislation that affects the charity and its activities.</p> <p>Ensures financial records are kept in an appropriate manner and annual accounts prepared and submitted in a timely fashion.</p> <p>Understands their role, responsibilities, duties and liabilities.</p> <p>Understands the role of members, where they exist, who can be a member and the different roles of trustees and members.²</p> <p>Knows how many trustees there must be, how they are appointed and any qualification criteria.</p> <p>Adheres to the governing document's requirements regarding the frequency and conduct of meetings (for both trustees and members).</p> <p>Knows when to seek external professional advice, and the impact of not following such advice.</p> <p>Understands the legal and regulatory requirements the charity must meet.</p> <p>Understands the need for an external audit or independent examination and the process involved.</p> <p>Ensures legal notices are printed on fundraising documents.</p>	<p>Requests further information and/or training to better understand the issues involved.</p> <p>Is familiar with all aspects of the governing document.</p> <p>Ensures that all trustees are appointed in accordance with the governing document.</p> <p>Critically reviews the composition of the board to ensure there is an appropriate mix of skills, experience and competencies to assist the charity in delivering its objects.</p> <p>Appreciates that there are differences in the legislation covering aspects of the charity's activities (such as company law and charity law in other jurisdictions).</p> <p>Recognises that each trustee is equally responsible for the performance of the charity.</p> <p>Reflects on their own commitment and contribution to the board.</p>

² In some charities it may be that the trustees and the members are the same group of people. In others they are different groups. In both cases it is important that trustees and members understand the respective roles, responsibilities, and rights of each.

Charity trustee competence matrix

Mature	Advanced	Exemplary
<p>Understands the difference between the charity's governing document and any mission and vision statements.</p> <p>Understands where to go for additional information about the governing document or legislation.</p> <p>Knows what powers the governing document permits and how they can be used.</p> <p>Undertakes regular skills audits, aligning skills to strategic plans and feeding the analysis into succession planning for the board.</p> <p>Participates in regular board and individual performance reviews and commits to ongoing training and development.</p>	<p>Understands fully the governing document and the need to keep it under review, how and what changes can be made.</p> <p>Checks the robustness and effectiveness of the charity's policies, procedures and decision-making structures.</p> <p>Is committed to board renewal and succession planning.</p> <p>Regularly reviews due diligence arrangements when recruiting new trustees.</p> <p>Refers to schemes of delegation and matters reserved to the board in decision-making arrangements.</p>	<p>Fully aware of significant clauses in the governing document and charity legislation, with an eye to making amendments to the governing document to ensure the charity is run as effectively as possible.</p> <p>Mentors new and established trustees.</p> <p>Knows when they have contributed all they can to the charity and tenders their resignation.</p> <p>Ensures all relevant information is provided at the start of deliberating any decision or proposed action.</p> <p>Demonstrates strength of character in challenging the status quo to consider different ways of delivering the charitable objects.</p> <p>Ensures the charity is effective in delivering its charitable objects.</p>

Charity trustee competence matrix

Trustee duty	Compliant	Developing
<p>Act in your charity's best interests</p>	<p>Makes decisions that represent the best way for the charity to fulfil its objects.</p> <p>Seeks the relevant information needed to make decisions in the best interests of the charity.</p> <p>Takes account of all relevant factors when making a decision.</p> <p>Makes decisions that are reasonable given the information available.</p> <p>Aware of and avoids conflicts of interest and loyalty.</p> <p>Follows the charity's conflicts of interest policy and processes.</p> <p>Does not receive any unauthorised personal benefit from the charity (including any benefits to a relative).</p> <p>Seeks to protect young and vulnerable users of the charity's services.</p>	<p>Focuses on strategic, rather than operational, matters.</p> <p>Understands and respects collective responsibility.</p> <p>Acts as 'critical friend' in board discussions.</p> <p>Willing to express own opinion, informed by relevant insight, information and knowledge, on specific courses of action.</p> <p>Aware of all their conflicts of interest and loyalty but sets them aside in relation to their trustee duties (knows which 'hat' they are wearing).</p> <p>Aims to protect the reputation of the charity when making decisions.</p> <p>Recognises, promotes and values equality and diversity across all aspects of the charity's activities.</p>

Charity trustee competence matrix

Mature	Advanced	Exemplary
<p>Critically and objectively reviews information and proposals presented to the board.</p> <p>Triangulates information from internal and external sources to ensure s/he receives evidence-based assurance (as opposed to re-assurance).</p> <p>Challenges assumptions, whether they come from senior staff or fellow trustees.</p> <p>Regularly updates the register of interests and declares them at appropriate junctures in meetings and elsewhere.</p> <p>Refrains from acting as the 'representative' of a specific group or section of the charity's beneficiaries.</p> <p>Seeks to ensure the board acts independently in its decision-making – avoiding the undue influence of funders and other stakeholders.</p>	<p>Contributes to all board discussions, not just to areas of specialist knowledge.</p> <p>Shows independence of thought and action, while respecting collective responsibility.</p> <p>Is aware of other trustees' conflicts and addresses the matter in an appropriate manner when necessary.</p> <p>Regularly reviews the ongoing need for the charity and considers new ways of delivering its charitable objects in an effective manner.</p> <p>Considers the environmental impact of the decisions being made and weighs them against the aims of the charity.</p>	<p>Demonstrates evidence-based decision-making and robust, constructive challenge to senior leadership proposals.</p> <p>Welcomes and contributes to constructive challenge – wherever it may come from.</p> <p>Displays sufficient integrity to know when to make a formal complaint to an external regulator and/or to resign.</p> <p>Understands the impact of real and perceived conflicts on the reputation and effectiveness of the charity.</p> <p>Displays political acumen, tact and diplomacy in the leadership of the charity.</p> <p>Seeks to continually improve as a board and as an organisation.</p>

Charity trustee competence matrix

Trustee duty	Compliant	Developing
<p>Manage your charity's resources responsibly</p>	<p>Acts responsibly, reasonably and honestly in fulfilling their duties.</p> <p>Exercises sound judgement in decision making.</p> <p>Ensures that charity resources are spent only in the furtherance of charitable objects.</p> <p>Aware of, and respects, conditions attached to funds, including free, designated and restricted funds.</p> <p>Considers the wider risks to the charity's assets, beneficiaries and reputation when considering a proposal or making a decision.</p> <p>Safeguards the assets of the charity – both tangible and intangible.</p> <p>Deliberates fully on matters relating to the investment of charity funds or when considering borrowing funds.</p> <p>Agrees fundraising strategies in line with good practice, and in light of reputational risk.</p> <p>Articulates the top five risks facing the charity with ease.</p> <p>Knows how business critical risks are managed.</p> <p>Ensures appropriate insurance policies are in place.</p> <p>Fully participates in budget planning.</p> <p>Seeks assurance that the charity is solvent.</p> <p>Reviews whether the charity's assets are adequate for fulfilling the charitable objects.</p>	<p>Aware of and adheres to internal financial controls.</p> <p>Aware of and respects risk management policies.</p> <p>Identifies and assesses risks facing the charity.</p> <p>Takes a considered, proportionate and balanced approach to risk management.</p> <p>Seeks additional budgeting/ financial information/training.</p> <p>Reviews financial information to establish that resources are being used as agreed by the board.</p> <p>Integrates financial forecasts with other plans (strategic, business, staffing) and KPIs (Key Performance Indicators) for the charity.</p> <p>Reviews external messages to ensure they demonstrate the charity's values and stated aims.</p> <p>Considers carefully the issues involved in hiring staff, and the potential impact on the assets and work of the charity.</p>

Charity trustee competence matrix

Mature	Advanced	Exemplary
<p>Has a good grip on financial matters, including investments, reserves and costs.</p> <p>Challenges finance colleagues on the figures presented to the board.</p> <p>Seeks to ensure the appropriateness and robustness of internal financial controls.</p> <p>Interrogates risk management policies and frameworks for effectiveness.</p> <p>Is risk aware, as opposed to being risk averse.</p> <p>Asks challenging questions of budgeting assumptions and objectively analyses business models to ensure the charity is sustainable.</p> <p>Assesses whether there are sufficient resources to fund all charitable activity.</p> <p>Seeks specialist advice with regards to investments, borrowing or building matters.</p> <p>Ensures third party suppliers/contractors act in accordance with the charity's stated culture, values and ethos.</p> <p>Regularly reviews the performance of the senior staff against agreed key performance indicators.</p>	<p>Seeks to promote financial sustainability by managing cash flow and monitoring and reviewing financial performance during the year and takes corrective action where required.</p> <p>Leads discussions on risk management and the review of the effectiveness of measures in place.</p> <p>Ensures budgeting decisions have had the desired impact on the furtherance of the charity's activities and objects.</p> <p>Asks for the implications about not taking a proposed course of action.</p> <p>Contributes to short, medium and long-term KPIs to measure the charity's effectiveness.</p>	<p>Respectfully demands information and data that is timely, accurate and relevant for making decisions.</p> <p>Easily articulates the charity's risk appetite.</p> <p>Describes measures taken by the charity to counter fraud, theft, money laundering or terrorist activity.</p> <p>Balances the risk of lost opportunities and cumulative risks in their decision making.</p> <p>Adopts the culture and values of the charity when performing trustee role.</p> <p>Seeks to ensure there is an appropriate mechanism in place for senior staff to recognise future talent which feeds into senior management succession planning.</p>

Charity trustee competence matrix

Trustee duty	Compliant	Developing
Act with reasonable care and skill	<p>Uses reasonable care and skill when making decisions.</p> <p>Shares their particular expertise, knowledge and insights with the board when discussing potential activities.</p> <p>Prepares for meetings with questions ready to ask.</p>	<p>Provides honest commentary on strategic plans and business development proposals.</p> <p>Recognises the ongoing need for trustee training to ensure the board is effective in leading the charity.</p>

Trustee duty	Compliant	Developing
Ensure your charity is accountable	<p>Ensures statutory reports, accounts and returns are submitted in a timely fashion.</p> <p>Aware of, and adheres to, the Nolan Principles.</p> <p>Demonstrates accountability to members and other stakeholders.</p> <p>Attends annual general meetings (where applicable) and is prepared to answer questions from members.</p>	<p>Can prioritise stakeholder groups.</p> <p>Seeks out ways to demonstrate the charity's effectiveness to stakeholders.</p> <p>Adheres to the charity's code of conduct.</p> <p>Considers the external impact of proposals and the impact on the charity's reputation.</p> <p>Is aware of, and respects, the communications plan for engaging with key stakeholder groups.</p>

Charity trustee competence matrix

Mature	Advanced	Exemplary
<p>Adopts a higher degree of care when making decisions affecting beneficiaries and the future of the charity.</p> <p>Visits the charity's activities to better inform trustee decision making.</p> <p>Ensures regular trustee training is aligned to succession planning, strategy and other key developments.</p> <p>Knows when a proposed course of action is beyond the collective knowledge and skills of the board and seeks appropriate professional advice.</p>	<p>Demonstrates integrity in dealing with the charity's issues.</p> <p>Positively influences culture, strategy and policy.</p> <p>Seeks to influence the wider environment in which the charity operates, following the law and good practice.</p>	<p>Adopts a whole system approach to the trustee role which includes being collaborative, integrated and multidisciplinary.</p> <p>Focuses on the outcomes for beneficiaries delivered by trustees' decision making.</p> <p>Learns from mistakes.</p>

Mature	Advanced	Exemplary
<p>Considers the input of stakeholders when decision-making without impacting on their independence of thought.</p> <p>Builds new relations with key stakeholder groups and aims to maintain regular, appropriate contact so as to inform decision-making.</p> <p>Acts as a critical link between key stakeholders and the charity's leadership.</p> <p>Seeks out appropriate means to benchmark the charity's effectiveness and ways to improve, sharing that information with stakeholders.</p>	<p>Regularly reviews schemes of delegation to ensure they are appropriate and being used appropriately.</p> <p>Uses feedback from service users to regularly inform decisions, including analysing complaints for themes and areas for improvement.</p> <p>Seeks the opportunity to include members and stakeholders in deciding major issues affecting the charity.</p> <p>Evidences community engagement.</p>	<p>Is honest about mistakes made and lessons learned.</p> <p>Articulates key points of annual report, accounts and returns easily.</p> <p>Welcomes questioning and constructive challenge by all stakeholders.</p> <p>Embraces diversity of thinking, experience and perspective in order to make the best decision for the charity and its beneficiaries.</p> <p>Shares good practice with other organisations seeking to contribute to similar charitable purposes.</p>



The Governance
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ICSA: The Governance Institute is the chartered membership and qualifying body for professionals working in governance, risk and compliance, including company secretaries.

We seek to develop the skills, effectiveness and profile of people working in governance roles at all levels and in all sectors through:

- A portfolio of respected qualifications
- Authoritative publications and technical guidance
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- Board evaluation services
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Guidance notes are prepared by the ICSA policy team to support the work of company secretaries and other governance professionals working in the corporate and not-for-profit sectors, and in NHS trusts.

Guidance notes offer authoritative advice, interpretation and sample materials for the many issues involved in the management and support of boards. As such, they are invaluable for those helping their organisations to build trust through good governance.

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