

**Improving the performance of the Board: case study
of Save the Children UK**

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1. Introduction¹

The purpose of the paper is to draw out some lessons from Save the Children UK's experience in seeking to make its Board more effective. The particular focus is on how the Board informs itself, and learns.

The structure of the paper is as follows. Section 2 identifies changes to the organisation, and some of the main tasks and issues facing the Board. Section 3 gives a brief history of the Board, and how effective we Board members think we are now. Section 4 then outlines what has been done to raise effectiveness, first, in the Board's structure and composition, and, second, in the ways in which it conducts its business. There is a brief conclusion.

2. Managing changes to Save the Children

Some history of the organisation is needed to understand the present role of the Board.

Since the 1980s the Board has overseen a process of fundamental change to Save the Children, and has itself been transformed. In summary, Save the Children has changed radically, from an organisation driven by volunteers (some of them very powerful personalities in their own right and in society, the successor generation to the founder, Eglantyne Jebb) who hired a few professionals, to a professional-led organisation that is supported by a network of highly-valued volunteers, and with oversight by a volunteer Board. A great deal has changed, though we remain committed to pursuit of the original vision of fighting internationally for child rights.

Save the Children's transition over twenty years has presented a permanent change management challenge. It has been intensive over the past two to three years, with the design and implementation of a reshaping programme that led to the streamlining of many functions, reducing staff in London, and strengthening regional functions to support country offices that now have greater devolved authority. There is some reason to believe we are in for a period now of making the new arrangements work better, rather than seeking further structural change.

The Board's task is now to provide strategic oversight for an organisation with the following features:

- A declared mission and set of values fighting for children's rights that has been remarkably constant for almost 90 years
- Strategies for achieving child rights in four areas: education, health, protection, and freedom from hunger; and an active capacity to address these issues in emergencies

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- An approach based on acting locally, so as to generate lessons for advocacy at national and international levels
- Programmes in over 50 countries, including the UK, with over 90% of staff outside London
- A trading company ('Save the Children Fund') owned by the Charity, of which trustees are also legally directors
- A lead role in an international Alliance of 28 Save the Children member organisations
- A professional management team
- Over 12,000 volunteers in the UK, with three Regional Councils (Scotland, Wales and Northern Ireland)
- Annual income in 2005/06 of £163 mn., of which over one-half was from voluntary sources, and some 40% comprising grants from mainly official sources.

The Alliance. An important area of change has been in the functioning of the international Save the Children Alliance, which comprises members both in OECD countries and in developing countries. Through the Alliance, Save the Children is moving towards having a Unified Presence in each developing country in which we are active, led by one Alliance member, with others contributing to and working within the country programme. New members are being locally established within certain developing countries, where having a locally-accountable member is important for the legitimacy and credibility of Save the Children, and are also joining the Alliance. The most recent is Save the Children India, which was set up within the past year.

The Alliance provides opportunities for members to learn from each other, and also creates challenges of co-ordinating and dovetailing both operations and policies. The Alliance is going through a similar process of assessing effectiveness of its own Board (which comprises Chief Executives of some of the member organisations, and three independent directors).

Information and learning in Save the Children UK. As with any comparable NGO, SCUK now demands robust governance and management arrangements, all the time bearing in mind the need to keep non-programme costs to acceptable levels. A particular challenge is for the governance arrangements to provide for information about a wide range of complex questions, including: the changing context (the global role of NGOs, international institutions and law, fundraising opportunities and competition); the multiple dimensions of Save the Children's operations in diverse countries with different cultures, legal systems and quality of governance); and its impact and how far it is delivering value for money.

As a central part of strengthening accountability and effectiveness throughout the organisation, and modernising management practices, much more attention is now paid to identifying and measuring Key Performance Indicators. Save the Children now has a Learning & Impact Assessment Cycle that informs future programme work. This system is one source of the Board's information, in part through regular reporting by Directors on operations and advocacy work, as well as through periodic presentations to the Board by those running the Learning and Impact Assessment cycle.

Impact assessment is informed by the on-going collection of data, by monitoring progress against milestones and by producing periodic evaluations and impact reports. It is important, as part of the learning system, for accountability (to the Board and to other stakeholders), and for decision-making, to inform both governance and management decisions.

Global Impact Monitoring (GIM) is Save the Children UK's framework for conducting impact assessments and it is designed to measure the kinds of changes that the organisation values in terms of fighting for children's rights. As joint activities through the Alliance increase, there will need to be more attention to devising impact measurement arrangements that are accepted by all parties. GIM asks staff to report on five dimensions of change:

1. in the lives of children and young people
2. in policy and practice affecting children and young people's rights
3. in children's and young people's participation and active citizenship
4. in equity and non-discrimination of children and young people
5. in civil society and communities' capacity to support children's rights

In summary, we have a modernised organisation, with much more attention to measuring its performance. How far is the Board doing this for itself?

3. Where are we now?

3.1 A 20-year sketch --- the Board's long journey

Up to the 1990s, the distinction between governance and management was blurred. SCUUK's governing body was a 50-strong volunteer Council, which met quarterly. Recruitment to the Council was in part through the 'promotion' of active committee members; and in part it was through relatively informal processes of approaching suitable people from outside. Selected Council members (from among the more active) joined a Management Board that met monthly, with a degree of overlap between the Management Board and the Council.

Each director within the organisation reported to one of four volunteer committees (Finance, Overseas, the UK, and Fundraising) that met frequently (often monthly). Over time, these progressed from having a supervisory role and taking management decisions, towards more advisory functions. By modern standards, we would consider these decisions, which went right down to the level of the financing and implementation of individual projects, as an extreme case of micro-management. Chairs of the committees, plus some members, were ex-officio members of Council.

The major change to distinguish governance and management, and to reduce fragmentation of governance, occurred in the early 1990s with the shift of governance responsibility from the Council and Management Board to a single Board, and the simultaneous clarification of the role of the supervisory/advisory committees, removing any vestigial executive functions, and in due course leading to their

abolition. As a means of recognising the role of Council members who did not continue on the newly-constituted Board, and of maintaining the ability to take soundings from Save the Children's volunteer networks, an Assembly was set up, meeting twice a year, but without governance or management responsibilities. By the mid-1990s this had fallen away, reflecting its lack of a clear role. During this transition, the balance of continuity and change was generally well-maintained, but there was a cost in terms of losing some well-networked and talented senior supporters.

3.2 How effective are we?

The best information on Board effectiveness comes from the results of the three Board development days held annually during the last three years – which are discussed below (section 4.2.1) as one of the means by which the Board seeks to improve its operations.

In 2004, the Board assessed the extent to which it had achieved six annual objectives it had set itself for the year 2003/04, and considered three completed, and substantial progress against three. There was also wide-ranging discussion, including on questions of what was needed to raise the Board's own effectiveness.

The following year, the Board assessed itself as 70% effective, versus a target of 85% -- though this was not a figure based on formal measurement of KPIs. In a Strengths and Weaknesses analysis, there were many points where the Board was considered to be functioning well, for instance that processes were open and transparent. But improvements were found to be needed in various areas:

- The Board sometimes got into too much detail
- Discussions were sometimes not at a high enough, and strategic enough, level
- Board papers were too long
- There was not enough focus to some discussions
- The respective roles of trustees and executives were not always clear.
- There have been occasional surprises, in part reflecting a lack of preparation
- The Board did not have enough blue-sky discussion
- The Board needed more external perspectives on the organisation.

Conscious efforts were made to address these over the next year, helped by the fact that an intensive two-year reorganisation came to an end in September 2005, allowing the Board to attend less to internal matters. For instance, there was a blue-sky session at a Board meeting early in 2006; and renewed attention has been paid to inviting outside speakers to speak to the Board and to staff to coincide with Board meetings.

Perhaps as a result, at the Board development day in 2006 there was a general sense that the Board is continuing on an upward path, that it is working better than it used to.

4. Measures to make the Board more effective and better-informed

What has been done to raise the effectiveness of the Board is discussed under two headings: changes to the Board's structure; and changes to the way it works.

4.1 Structural measures

4.1.1 'A Unitary Board'

A challenge has been to make the Board function as a unitary Board, even though in strict constitutional terms it is not. As far as possible, we see the Board as comprising the trustees and senior executive management team, in parallel with what is considered good practice in the private sector, with a mix of executive and non-executive directors, with the Chair a non-executive. From this perspective, and also in line with the Higgs Committee's recommendations for private companies, we have a majority of non-executives.

Aspiring to a unitary Board does not mean it is always easily 100% achieved. We generally have fairly free-flowing discussions, to which trustees and executives contribute fully. There are two main explanations for cases where this does not happen:

- The legal duties of trustees mean that the executive/trustee relationship combines elements of accountability with collegiality that are not always wholly compatible. There is a minority of tasks that trustees have to undertake, and decisions that they have to take.
- Executive Board members are better informed than trustees on many issues, especially operational ones. It is important that Board meetings be for making decisions, and to avoid them degenerating into 'inform the trustees' sessions, but inevitably there is a question-and-answer element to some discussions. Good preparation is critical to minimising this, with detail being dealt with outside the Board meetings, either as part of preparation, or as part of the follow-up.

Being committed to a unitary Board unfortunately does not mean that we are completely free of ambiguities in the way individuals express ourselves. Generally 'the Board' means trustees and executives; but sometimes it is used to mean trustees alone.

We are all of the view that seeing the Board as a unitary entity is the right approach, and leads to greater effectiveness. In particular, regular interaction between executives and trustees creates a deeper understanding on both sides, and multiplies channels through which information can flow to trustees.

4.1.2 Size and composition

The number of trustees has been progressively reduced in size, from an unwieldy Council of 50, to a Board of 22 by 2001, and 12 plus Chair now --- although the MemArts still provide for up to 20. In recent years a good deal of the momentum towards further reduction has come from the current Chair who has a background in

the private sector; and there is little doubt that the reduction in size, along with changes to composition and expectations, has contributed to a more businesslike performance. It also leads to a greater sense of involvement of individual trustees who, in a meeting of up to 30 people as it was five years ago, would individually not have been able to contribute a great deal to discussion.

Even with 12 Trustees, and a senior management team of half-a-dozen, Board meetings are relatively large gatherings, at least by the standards of private companies, where a total of less than half the present size would be more normal. However, there is reason to think the present size is optimal for the time being:

- As far as executives on the Board is concerned, the collegiate nature of Save the Children's management means that it is right for the full senior management team to be on the Board;
- Arguably a wide range of skills and experience among trustees is needed (including finance and management, volunteers, the media and marketing, and development and child rights), some of which would be lost if there were further reductions in the number of trustees. There is also the practical consideration of trustees' time: with the Board at its current size, individual trustees put in an average of perhaps one month per year. A smaller Board would require more time from individual trustees, which might make recruitment more difficult, especially of younger people with careers.

It may also be that individual trustees have become better informed about a wider range of Save the Children's operations, for the reasons that:

- along with the smaller Board, and changes to charity law, has come a stronger presumption that trustees would in practice attend Board meetings, and attendance rates are in fact high. With the 50-strong Council, this was less the case.
- As will be discussed below, there is a presumption that many trustees will also sit on sub-committees.

Selection of trustees has become more purposive over time, with a view to creating a balanced Board while reducing its size. With the Council, until the early 1990s, different regions of the UK selected members; the requirements of the Council for particular perspectives, skills and experience were not the first consideration. Trustees are now recruited to meet a more specific profile than in earlier years, to ensure that the Board is able to engage effectively with the range of issues it faces. On the current Board, some trustees are selected from among the UK's regions and volunteers, but over time a higher proportion of trustees have come to be recruited from outside the networks of long-term supporters of Save the Children.

The duration of trustees' staying on the Board is also relevant to its effectiveness, calling for a balance between on the one hand having individuals serve long enough to gain in-depth knowledge of the organisation, and, on the other, having enough turnover to bring in freshness of mind and new perspectives. During the present year, we have replaced a normal tenure of three years plus an option of a further three years (3+3) with 2+3+3.

There is a current debate about whether the Board needs a more formal, or different, policy on its own diversity in terms of ethnicity, nationality, age and gender.

4.1.3 Subcommittees

Focussing governance through having one Board, while enabling it to remain well-informed and keeping its agenda manageable, means that sub-committees play a crucial role.

Save the Children has three sub-committees of the Board (Audit, Nominations, and Performance and Remuneration), and a long-established Investment Advisory Committee (which advises the Finance Director on managing Save the Children's reserves, and which has as a member at least one trustee.)

The work of subcommittees typically involves close collaboration between executives and appropriately-qualified trustees, ensuring that that one or two trustees know what is going on, and serving as a channel for information to the Board as a whole. The Audit Committee and the Performance and Remuneration Committee are central to the monitoring by the Board of the organisation's performance.

The Nominations Committee has played a particularly important role in Board effectiveness. Established during the 1990s, drawing on Save the Children's Scandinavian partners' experience, it has formalised trustee recruitment practice. It has been the means by which trustee recruitment has become more directed towards bringing on particular skills in order to provide the balance required within a smaller Board.

4.2 Changes to the Board's ways of working

The second set of measures taken over recent years concern the ways in which the Board conducts its business.

4.2.1 Board reviews of own performance

For the past three years, 2004 to 2006, the Board has annually reviewed its own performance as part of a Board development awayday. This has become progressively more structured. It includes an assessment of the extent to which the Board's annual targets are met, but is not a formal appraisal against measurable KPIs. Longer-serving trustees suggest they find the present more structured approach more valuable than 'navel-gazing.'

In 2005, the awayday led to various strengths and weaknesses being noted (see section 3.2 above), which were acted on during the following year.

In 2006, a facilitator specialising in charities provided her services pro bono, a contribution that was generally judged to have raised the value of the process. She led a discussion of Board performance against three dimensions:

- Role: does the Board have a shared view of the Board's objectives and level of engagement on key areas?
- Hard-wiring: does the "hard-wiring" of the Board – composition, processes and structure --- meet the organisation's strategic needs?

- Leadership: is there clarity on the roles and expectations of the Chair, CEO, executive directors and trustees?

The results of a questionnaire that was completed by trustees and executives, and analysed both together and separately for the two, were also presented, dealing with two questions:

- level of engagement --- i.e. to assess the Board's levels of engagement in four areas (strategy, financial performance, governance and people), and to consider whether these levels were appropriate
- how the Board works --- which revealed that areas for improvement included how we look at and manage risk, and the communication and sharing of information.

The results from each year have helped focus attention on priorities for the coming year. There is some debate about whether this type of review is indefinitely warranted each year, but there is little doubt that it has so far been a valuable source of information, including on areas where trustees and executives have either common or different perspectives.

4.2.2 Frequency of meetings

The frequency and duration of Board meetings were increased in 2002/03, from four annually (of which one was for two days) to five annually (of which two are for two days.) The main reason for the change was to allow for annual board development days, while continuing with one visit to a Save the Children project.

4.2.3 Blue-skies sessions

Discussions are most free-flowing in blue-skies sessions which are not intended to lead to taking particular decisions or to action points. Any differences between collegial and governance relationships between executives and trustees are minimised. These discussions currently take place once per year as part of one of the two annual extended Board meetings.

4.2.4 Chair's one-on-ones with trustees

The Chair has initiated annual one-on-one discussions with trustees, enabling frank exchanges of views. He then summarizes the overall findings for the Board. These suggest a general view that the Board is working more effectively, but also this year they have identified three or four areas needing further improvement. These are similar to the points arising from the Board development day earlier in the year, providing some reinforcement to the year's agenda for improving the Board's operations.

4.2.5 Chair feedback

The Chair has also initiated a scheme whereby the Deputy Chair speaks individually to individual trustees on the Chair's performance. She provides confidential feedback to him.

This openness on his part to performance assessment is not yet matched by formal assessment of the performance of individual trustees.

4.2.6 Risk management

The standard reporting agenda for Board meetings includes information on a range of policies and practices (child protection, whistle-blowing, etc.) Of particular note is comprehensive information as part of the risk management system. Risk management provides a useful framework for in-depth exchanges between trustees and executives.

4.2.7 Trustee learning: other items

There are four further ways in which trustees gain information on, and draw lessons from, Save the Children's operations.

Advisory roles in management processes. Where appropriate, individual trustees are invited, in advisory rather than governance roles, to join particular processes led the organisation's executives. During the past six months, a good deal of strategic thinking under the rubric 'Change for Children' has been led by the new Chief Executive, and she has sought to have trustees involved in the sub-groups leading the different streams of this work.

This is a valuable means of trustees gaining insights into internal realities, and is only possible in an organisation with a relatively undefensive culture between executives and trustees.

Trustees maintaining continuing contact with particular teams. Where appropriate, individual trustees also maintain continuing, but unstructured, relationships with particular teams or departments within the organisation, in line with their specialist skills or experience. Again, this is essentially an advisory rather than governance function, but the insights gained allow more informed discussion within the Board. The feasibility of maintaining these contacts on a regular basis depends essentially on both parties seeing value in them, and on sustaining relationships of trust.

Presentations to the Board at most meetings. The agenda for most Board meetings includes a presentation by one or more staff members, generally dealing with either a headquarters function, or a geographic region. For trustees in particular, these are useful, not least as a reminder of why the organisation exists, a perspective that can sometimes get lost day-to-day.

From time to time, these presentations include findings from the Global Impact Monitoring cycle, in the form both of case studies and of generic conclusions.

Trustees visits to programmes and countries. There is a presumption that trustees will undertake visits to Save the Children programmes each year or two, reporting back to the Board. In addition, there is often an annual visit (at one of the two two-day Board meetings per year) to a UK-based project --- in November 2005 in Birmingham, and in November 2006 in Glasgow.

5 Conclusions

In conclusion, several points may be highlighted.

Raising the effectiveness of the Board is an evolving process, needing continuing self-assessment and, where necessary, remedial measures. One reason for this is that the tasks facing the Board are not static. Most broadly, there are changes to what is needed for the rights of the world's children to be fulfilled, and therefore to the demands on Save the Children. There are also changes to Save the Children's operational context – in for instance the work of other NGOs, in charity law, or in the labour markets from which the organisation has to draw its talent. Nearer home, the Board has to keep alert to changes in the organisation itself and its Alliance partners.

The Board needs to work well collectively and individually. It is not just the profile of individual trustees that is important, but also the nature of the relationships between and among trustees and executives. To make sure the Board conducts its business in the best ways possible, we need to use best-practice lessons from other organisations, whether NGOs, business or government. The quality of the Board's leadership is critical in ensuring that we do this.

Looking to the future, areas to which we need to pay attention include:

- Exploring whether we can move towards more rigorous measurement of Board KPIs
- Whether, and how, to have more systematic assessment of individual trustees, without alienating potential trustees with the qualities the Board needs
- Whether Board team-building skills need strengthening
- Ensuring that Board composition reflects the changing requirements of Save the Children and its stakeholders.

Finally, two points deserve emphasis.

First, at the heart of Board effectiveness is the need for information --- on the changing context, and on the operations and impact of Save the Children. Without it, trustees are blind. Not only must systems be in place to ensure it is available to trustees promptly and in accessible form, but there is an onus on trustees to seek it out.

Second, there is no silver bullet which will ensure that the Board operates effectively. Several things have to be right, ranging from the structure and functioning of the Board itself, and the working relationships between trustees and executives, to the many facets of the operation of the Save the Children organisation. For the Board to be effective, we need to work towards a virtuous circle in which we try to get all of these things right, without believing that salvation lies in any one of them alone.