Wales Council for Voluntary Action

Supporting charities, volunteers and communities

5. Trustees and governance

5.6 Working with the chief officer

The management structure of voluntary organisations can vary greatly and the formality of this structure is often determined by size and resources. But even in the simplest of organisations there will be a governing body (GB) that takes overall legal and financial responsibility for the organisation as a whole - this is known as 'governance'.

Depending on the legal structure of the organisation this body may be known by a variety of names such as: the management committee, board, trustees etc, but whatever they are called, they have overall responsibility for running the organisation in accordance with their governing document, the general law and best management practice. Our information sheet, *5.3 Governing body structures and honorary officers*, looks at governing bodies in more detail.

It is important to differentiate between the concepts of 'governance' and 'management', so as to understand the relationship between the GB and senior staff:

- **Governance** is the term used for the matters which trustees must deal with personally, as opposed to those that they can delegate to staff and others. It is about controlling the organisation and includes setting the strategy, promoting the objects and safeguarding the assets
- **Management** is the day-to-day management of the organisation and operational matters that do not need to be handled personally by the trustees, and can therefore be delegated to staff. It is about running the organisation in a more 'hands on' sense, and includes managing staff, delivery of services and general administration.

Management structure

As organisations grow and evolve, their management structures tend to change:

- **Very small organisations** – there are often no staff employed by very small organisations, so the GB may be responsible for all activities including day-to-day management, and even the delivery of services
- **Small organisations** - as organisations grow, some of these management responsibilities may become more defined and may be shared out amongst specific sub-groups of the GB, or the honorary officers. Where there are staff some of these management responsibilities may also be delegated to them, although the GB will retain ultimate responsibility for running the organisation.

- **Medium-sized organisations** – things tend to become more formalised, and a manager is likely to be appointed who has overall responsibility for the operational management of the organisation. Such a manager would, however, be required to report to the GB.
- **Large organisations – day-**to-day management cannot be handled by one person, and it is necessary to develop a formalised hierarchical management structure with a number of senior managers who have responsibility for discrete areas of work under the overal**l operational contr**ol of a chief officer.

In organisations where there is a division of governance and management responsibility, the relationship between the GB and the chief officer is crucial to the success of the organisation. It is helpful to picture this relationship as follows:

GB/GB sub-groups/honorary officers

⇕

chief officer

⇕

managers/staff/volunteers

The role of the chief officer is pivotal, and it is essential that the relationship between the GB on the one hand, and staff etc on the other, is clearly defined. If it is not, the process of delegation and the ultimate effectiveness of the organisation can be undermined.

Delegation

Responsibility for, and authority over, the organisation rests with the GB. Whilst ultimate responsibility cannot be delegated, certain functions can be. In larger organisations where there is a separate chief officer or manager, functions have to be delegated to that person so that they can act on the GB's behalf in running various aspects of the organisation.

Due to complex legal reasons, the GB requires an explicit power to delegate its functions and this is usually found in an organisation's governing document (although it can also be granted by Statute or by the membership in some cases). Because the GB remains responsible for all of its delegated functions it follows that the process of delegation should be strictly controlled, so that the GB can be sure that those functions are being discharged properly within the terms of the governing document, the general law and best practice. This can only be achieved if the process is formalised.

In order to achieve effective delegation the GB should ensure that:
- A policy is drawn up setting out the GB's powers and parameters of delegation
- The terms of each delegated function is set out in writing, including relevant monitoring, supervision and reporting requirements

- Job descriptions clearly set out all delegated functions included in each role
- The relevant staff members have the requisite skills and support to carry out the delegated functions, and receive training where necessary.

The Role of the chief officer

The chief officer:
- implements and oversees the day-to-day management of the organisation
- delivers the work of the organisation against objectives that are set by the GB
- makes decisions where authority has been delegated by the GB
- acts as the interface between the GB and staff
- represents the organisation externally on behalf of the GB
- reports regularly on progress and achievements to the GB
- informs and advises the GB, so that the GB is able to carry out its governance role
- provides information on operational issues, problems and policy matters, and makes recommendations for the GB to consider
- draws up proposals for the future strategic development of the organisation's work for the GB to consider.

Relationship with the GB

The chief officer needs a clear framework within which he/she can get on with directing the work of the organisation and use his/her professional judgement and skills. The split between governance and management should be maintained, ensuring the chief officer is not hampered or impeded by the interference of the GB in the day-to-day running of the organisation.

To make the relationship effective, GB members must have:
- A vision for the organisation which is shared by the chief officer
- A commitment to achieving the objectives of the organisation within the existing governance and management structure
- Well understood roles so that they do not conflict with the role of the chief officer, or interfere with the day-to-day running of the organisation.
- Confidence in the ability of the chief officer and a willingness to support his/her legitimate decisions (e.g. disciplining of staff)
- A willingness to maintain a two way dialogue with the chief officer and share information that is relevant to the discharge of his/her delegated functions
- A realisation that the GB should act collectively, and generally communicate with the chief officer in a structured way (except in emergencies), preferably through the chair
- A willingness to strike a balance between the planned predetermined priorities of the GB, and the operational flexibility required by the chief officer to react swiftly to changing circumstances and to capitalise on opportunities
- A formal process by which the performance of the chief officer can be appraised, and a mechanism by which he/she in turn can feed back to the GB.

It is important that GB's recognise that the personality of the chief officer can have a bearing on the emphasis and content of reported information. The chief officer may tend to:

- only give good news, underplaying any problems and putting a very positive spin on everything
- be cautious and tend to concentrate on problems, risks and bad news, so that he/she always presents the worst case scenario, or
- always give a very balanced and honest view of the current situation and on what lies ahead.

By understanding this, the GB can better interpret the information that they receive and put in checks and balances to ensure that they get a realistic picture of how the organisation is performing.

Equally, the personality of the chief officer's main point of contact – usually the chair - can have a similar bearing. In addition to this form of communication there should be a regular program of meetings with the whole GB, to ensure that their decisions and requests are accurately conveyed to the chief officer.

It is important that GB members distinguish between their voluntary governance role as a member of the GB and any other volunteering work they may do for the organisation, such as fundraising and even the delivery the organisation's service. The latter will be managed by the chief officer or another member of staff, and in this capacity the GB member's role is to be directed and not to direct.

Development of the chief officer

Good Governance: a Code for the third sector in Wales, states that the GB need to follow 'proper and formal arrangements for the chief executive's appointment, supervision, support, appraisal and remuneration. Being clear which board members are responsible for day-to-day communication with, and supervision of, the chief executive ensures that the relationship between the board and the chief executive retains an appropriate balance of support, scrutiny and challenge' (page 14).

It is the chair that most often carries out this function, although another GB member may do so instead or as well if they have specialist skills in this area. If using a group, numbers must be kept to a minimum (possibly a specialist staffing sub-committee), but this can prove problematic in that it may inhibit the chief officer's ability to be open about any concerns over the functioning of the GB or individual members.

It is generally inadvisable for the whole GB, an external consultant or a peer from another organisation to carry out the function if possible.

Supervision has 4 key elements:

- Setting standards for performance – including setting objectives and deadlines
- Monitoring and evaluating performance – including assessing progress against targets and reviewing work
- Feedback and counselling – including listening to concerns and solving problems
- Development – including addressing training needs and career development.The first two are concerned with measuring performance, while the second two are structured to provide support for the chief officer. They can cause conflict with each other, but this can be minimised by separating the two functions within the supervision session.

Further information

Good governance: a code for the third sector in Wales
Faith and hope don't run charities (trustees do)
www.wcva.org.uk

Trustee and Management Committee National Occupational Standards
www.skills-thirdsector.org.uk

Charity Commission for England and Wales
CC10 The Hallmarks of an Effective Charity
www.charity-commission.gov.uk

The Institute of Chartered Secretaries and Administrators
www.icsa.org.uk

Recruiting a Chief Executive, Chair and Trustees
www.acevo.org.uk

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Produced by WCVA, County Voluntary Councils and Volunteer Centres.
Last Updated:03/02/2014

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