

Filling in the gaps

A skills audit will identify if your board is missing vital expertise and skills, but as a process that can require a great deal of time and commitment, is it worth the effort? **Peter Davy investigates**

For those with an interest in the sector's governance, the Charity Commission's recent report on trustee recruitment and induction proved unhappy summer reading. Repeating an earlier survey conducted in 2001, *Start as you mean to go on (RS10)* disappointed those hoping to see the sector's professionalism reflected in the results. The report revealed more charities than ever were having difficulty recruiting trustees, and showed increased reliance on word of mouth or personal recommendation to recruit trustees (see page 18 to find out how the Commission hopes to change this).

However, of the few bright spots in the 2001 report, one of the main ones to be picked out by the Charity Commission was the increased use of skills auditing, which it has long supported as a means of ensuring the right balance of skills and diversity among trustees, thus improving governance in the sector.

It was no surprise then that the new report picked out local charity Age Concern Wakefield District as an example of good practice. It had conducted a skills audit of its trustees for the first time, which identified a need for more financial expertise and led to the recruitment of an accountant in his 20s. Overall, the commission also

welcomed news that skills auditing among charities was up to 17 per cent from 11 per cent in 2001, and that half of charities with an income of over £1 million now use it.

However, for Neville Brownlee, head of charity effectiveness at the commission, uptake in the sector still doesn't go far enough. He says more should be doing skills audits and argues that it is fundamental to ensuring the right mix of expertise. "You can get a balanced board without going through this process, but if it happens it will be by accident, not design," he says. "Auditing removes the element of doubt."

In fact, Brownlee suggest charities conduct an audit of their boards annually, using board vacancies or the production of their annual report as prompts to "take stock" of their trustees. "You need to compare the skills you've got with the skills you think your charity needs, and over time that will change," he says.

Not so easy

Part of the reason for charities' reluctance to run such audits more regularly may be the work involved. At the NCVO, Tesse Akpeki, outgoing head of governance, is enthusiastic about the tool, but she admits they takes a commitment on the part of the charity. "They can help hone the board in the direction the organisation needs to go, but it does take time and can take resources to do it," she says. For many, the process will be fairly informal and can be done in-house, but for those who feel they lack the expertise to do it themselves, which is likely to include some smaller charities, taking on consultants at £500-600 a day might prove prohibitively expensive.

There are other problems as well. For a start, it is important not to overstate the likely benefits. For many trustees that regularly conduct strategic planning,

major skills gaps may already be apparent. At the Citizenship Foundation (see case study), for example, although the audit highlighted skills where increased expertise would help, the results are unlikely to prove the determining factor when it comes to recruiting additional trustees, as deputy chair Dan Mace explains: "The audit definitely helped focus our search, but how influential it will be when we get applicants in I can't say, because it's the person who is most important; the shortages the audit revealed were not really desperate, so we don't absolutely have to have someone with IT skills, for example."

Even where charities do determine to act on the results, it is rarely that simple. Roy Whithear is honorary treasurer of Arthritis Care, and has recently been involved in conducting a skills audit. According to him, doing the audit is only half the story. "Identifying any gaps is the easy part," he says. "The big problem occurs when you try and fill them." In fact, he goes on to say that some of the skills gaps discovered by the most recent Arthritis Care audit had been identified by a previous skills audit at the charity three years earlier; it just hadn't been able to find trustees fill them.

The Charity Commission's recent report bears this out. As well as finding an increase in the number of very large charities experiencing problems in recruiting trustees, more than ever also cited difficulties in finding people with the right skills or experience as the reason. More than 72 per cent of charities with an income over £1 million a year (the most likely to use skills auditing) mentioned it.

Next steps

Nevertheless, use of the tool is likely to continue to spread. Sam Coutinho, a director within the not for profit unit at accountants Horwath Clark Whitehill, says use is increasing, prompted by the increasing focus in the sector on governance. According to her, more charities are using skills audits not just on their board but also among their sub committees, and as more charities report under the new SORP, with its requirement to comment on how they handle governance issues, this trend is likely to continue. "It's relatively new as a tool," she says. "However, when the SORP is implemented and the reports are done, that's perhaps when we'll see where the next step is."

One way in which use of the tool could eventually spread is outwards, to take in employees and volunteers. Such an outcome would not be so surprising, given its use in other sectors and the sector's reliance on public funding. According to Donald Taylor, alliances director at skills auditing software provider Infobasis, the tool is increasingly popular in the public sector, where his company has just finished implementing a pilot scheme to audit the staff of four local authorities for the Employers Organisation for local government. "The fact is central and local government are taking the need to understand the skills of their people very seriously," he says.

Using such solutions over the Internet allows organisations to audit thousands of employees, providing a comprehensive view of the skills available. However, the costs involved can be significant. At its cheapest, the Infobasis solution is likely to cost about £15 per head to access online, and to install it locally for a large employer so that they can repeat it periodically would cost between £40-60 per head. As yet, the company has no voluntary

sector clients.

However, there are already rare examples of charities implementing skills auditing more widely than their trustees (see case study), albeit on a much smaller scale, and umbrella groups serving the sector are also taking an interest. This month, for instance, Regional Action West Midlands will publish the result of its skills audit of local charities covering both trustees and staff. It hopes the results will help it establish a flexible model of the skills required that charities can use to audit their own staff.

As trustees become more familiar with the tool such experiments are likely to become more common. For now, though, most in the sector seem content to start at the top.

Case study: The Citizenship Foundation

The charity, which has an income of over £1 million a year, decided to undertake a skills audit earlier this year following the need to recruit new trustees.

The 12 board members were keen on making the process "low intensive", so deputy chair Dan Mace adopted the NCVO's sample skills audit model (available from its website) and circulated it to the trustees. The document lists a number of areas of expertise, such as administration, fundraising, finance and strategic planning, and asks trustees to tick those areas in which they feel they bring experience. It also asks about their other expertise and areas of the charity's work they would like to become more involved in.

According to Mace the process was useful in focussing the recruitment process. However, when the charity comes to repeat the process, he says it will make more effort to tailor the audit questionnaire to the charity's particular needs, rather than simply adopt a model document.

Case study: FOCUS

A youth development charity based in Leicester with an annual income of about £450,000, FOCUS decided to combine an audit of its trustees with one of its volunteers. It was conducted mainly through its quarterly newsletter and by email, sending the same form to both trustees and volunteers. This asked for brief details about current occupation and the skills required for it, as well as experience in a number of areas where the charity had already identified skills gaps, such as journalism and marketing.

According to its director Matt Lilley, the experiment proved a success, despite a disappointing return of only 15 per cent from their 300-strong volunteer base. "It was very helpful," he says. "We recruit a lot of our volunteers from university, and they go on to develop skills and experience outside the organisation, so it's useful to find out if they have any skills we can tap into."

One result was that the charity set up a marketing subcommittee when the audit identified a board member and some other volunteers with relevant experience.

The charity also benefited from including a question asking trustees and volunteers if they were able to introduce it to any wealthy individuals or those with influence in funding bodies or politics. Having established a number of personal connections, the charity hopes it may be able to use these to boost its income.