

Governance in a crisis

What should trustees, directors or management committee members do at a time of crisis such as we are experiencing now?

It's a question we are often asked, and the simple one word answer for me is MEET (virtually)! You need to get together to plan your organisation's response to the situation it now finds itself in. One thing is certain, the world has changed, possibly irrevocably, so your organisation needs to adapt to the new circumstances, and that adaptation starts at the top of the organisation.

| | |
|---------|---|
| Meet | get together |
| Enquire | explore how your organisation is / will be affected |
| Enact | come up with solution (s) |
| Tackle | implement solution |

Meet

Regardless of the statutory duties on trustees or directors – ensuring your organisation is solvent and meeting its purposes for example – changed circumstances require adaptation. Of course, things change all the time and periodic appraisal of your organisation's performance is part of good governance, but we are in unprecedented times, with the change being so rapid and so drastic that no organisation will have plans in place or risk assessments that account for where we are now. So, you need to meet. However, in times of social isolation and social distancing, how can you get together to hold a meeting?

Clearly, you will not be able to sit together in the same room, however, this may not be necessary. The question is, what constitutes a meeting?

- Organisations will have two types of meeting – decision making meetings of trustees, directors etc., and general meetings of members
- To make the necessary decisions for your organisation, first your governing body needs to meet and this can be done in various ways

- What is appropriate for your organisation will depend to some extent on what your governing document says about meetings. It is unlikely that your governing document will specify that meetings have to be in person and in a specific place, so get creative!
- So long as all of your governing body agree to a means of communication and are able to participate, you could do video-conferencing, tele-conferencing or email discussions
- The Charity Commission have relaxed the rules slightly and current times call for flexible approaches. *See the Bates-Wells link at the end for their helpful interpretation of this*
- Remember to create written – and that could be in an email – records of the discussions, people involved, decisions made etc. which will form the formal record for governance purposes, it is surely more important to meet to solve urgent problems than to procrastinate over due process and therefore miss opportunities to reset your organisation
- Decisions can always be ratified formally afterwards by the correct mechanism – but get agreement of the governing body and record it so everyone knows what's going on
- Where you can't get unanimous agreement, a majority should suffice, and again your governing document may have something to say about the size of the majority required, whether the Chair has a casting vote, etc. but generally a simple majority is enough for committee decisions

General meetings

Whilst isolation is in force, you must follow Government advice and should not hold face-to face meetings.

If your annual reports are due to be filed, you should contact your governing body and ensure they are happy with any arrangements you make.

The Charity Commission has said this about Annual General Meetings:
“Coronavirus is having a major impact on charity events and the government’s health advice may lead to some charities having no

choice but to decide to cancel or postpone their AGMs and other critical meetings.

If as trustees, you decide it is necessary to do so, you should record this decision to demonstrate good governance of your charity. This is particularly important if it is not possible to hold your AGM which may make it difficult for you to finalise your annual reports and accounts.

Wherever possible, we would ask you to try to get your annual reports to us on time. However, where the situation impacts on the completion of annual returns and accounts, charities with an imminent filing date can call us.”

Private limited companies no longer need to hold a general meeting to approve their annual reports; check your governing document, if it still says this is your required process you could amend it with Companies House, but again follow the process in the governing document.

Enquire

Once you are gathered in your chosen virtual room, you must ascertain quickly how Coronavirus is going to impact your organisation.

- Is your projected income likely to be affected?
- Will your projected running costs change?
- How do these two alter your cashflow?
- How are your funders / customers / beneficiaries affected and what do they expect from you?
- Can you deliver what is required?

Essentially, what do you know now, what do you need to know in order to make informed decisions and how / where will you get that information?

Engage

There are some big questions that need answering, and there's possibly not a lot of time to get cast-iron answers, but you must endeavour to get to grips with the new situation for your organisation as quickly as possible. You need to fully engage with the problem – doing nothing is not an option. If your income has been hit, how long can you continue as a solvent body? Operating whilst insolvent could have serious

consequences for you individually as directors or trustees as well as the organisation.

- Your governing document will set out some of the things you can and can't do as a governing body.
- Remember that if you are registered as a charity, you must adhere closely to your charitable purposes, but do these purposes give you scope to do things differently? Offering a different service to the same beneficiaries might still fit your purposes, or you might have a catch-all 'other charitable purposes'.
- If you need to change your purposes to enable you to deliver new services, or services in a different way, notify the Charity Commission as soon as possible. They will view requests sympathetically, but you will need to present good reasons and demonstrate trustee and member approval for the changes.

Tackle

- Once you have agreed the way forward, make sure this is recorded in your organisation's records so that if challenged later you have evidence of why and how the decisions were made.
- You must ensure the decisions are acted upon by your organisation.
- In a small organisation you may well be the people carrying out the decisions, but in larger organisations with paid staff, you will need to communicate with all concerned as many people will be in an anxious state and need clear guidance and leadership from their governing body.
- Keep in regular contact with each other, and with the rest of your organisation.
- Having taken your decisions you need to keep an eye on their effects and monitor their effectiveness.
- Keep an eye on the wider situation too, as it is changing daily, if not hourly. These new changes may require new responses or adjustments from you.

As trustees, directors, management committee members, the buck stops with you. How consequential that might be depends on many things, but

the speed and relevance of your response will help to mitigate any personal liability to you. Your legal structure will also affect the extent of your liability – but even within a limited liability structure you still need to be seen to be taking the right action at the right time, so grasp the nettle and make your organisation resilient, responsive and relevant.

And to start it all off – you need to **MEET!**

Sources of information

Where not linking directly to a Coronavirus page, most organisations now have links to their Coronavirus information on their home pages, and this information being updated regularly.

- **Charity Commission** [website](#)
- **Companies House** [website](#)
- **CIC Regulator** [website](#)
- **Social Enterprise UK** [website](#)
- **General government** [updates](#)
- **Bates Wells** [Insights](#)
- **NCVO** [guides](#)
- **ACAS** [website](#)
- **Manchester Community Central** [Coronavirus microsite](#)
- **Charity Tax Group** [website](#)