



Do charities have a collective responsibility for underperforming organisations?

Jeremy Swain, Chief Executive of Thames Reach—a charity that aims to end street homelessness—asks how the sector should regulate underperforming charities.

Chief executives from the charity sector are gathering for the spring conference. They discuss their varying responses to the recession, possibilities of new business, recent pronouncements from key government ministers—and the abject performance of organisation X. When will it end, they sigh? Surely this charity can't go on providing such abysmally poor services and get away with it? The majority view is that it reflects badly on all charities; something must be done.

But this is the same conversation that took place at the spring conference the year before. Nothing has been done about organisation X and there are plenty of entirely plausible reasons why the chief executives should leave the elephant in the room well alone.

After all, surely charities cannot be expected to regulate each other—isn't that the job of official regulators such as the Charity Commission? Or what about the commissioners and funders that must surely be monitoring the work of organisation X? Besides, every organisation has services that underperform for periods of time; we should be cautious about being too critical.

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But in our heart of hearts, we know that organisation X has been underperforming for years. Every time other charities advertise a job, applications from staff at organisation X are plentiful, as good people seek to flee the dysfunctional vessel.

Stories emerge with depressing regularity of endless, consistently mishandled restructuring exercises and dubious staff management practices, leading to frequent employment tribunals. Governance at organisation X is famously weak with the overbearing executive in full control. He is the puppeteer pulling the strings and the cowed trustees dance to the tune laid down for them.

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Asking difficult questions

In truth, perhaps regulators and funders should be expected to investigate more, to ask harder questions and to dig beneath the information provided through monitoring reports and returns. But it must also be recognised that, even for the most diligent regulator or funder, there is inevitably territory where they don't know what they don't know.

There may be another more visceral, subconscious and dishonourable reason for a chief executive to avoid raising concerns about organisation X. Leading a charity brings with it many vicissitudes. There are days, months, years when the sun shines, but also periods of abject bleakness when projects go wrong, trustee boards play

up, funding is lost, mistakes are made and reputations are on the line. How comforting it can be for a chief executive to look across at organisation X and think that, despite everything, it could be worse. Doesn't the group always need a failing member to provide the sustenance of *Schadenfreude*?

Doing the right thing

This, of course, is just not good enough. It would be intolerable for charity sector chief executives to set themselves up, either formally or informally, as an inquisitorial Star Chamber to pass judgement on their peers. Such an approach would be objectionable, unworkable and thankfully unnecessary. This is a sector that is well regulated and, in comparison to other areas of public life, refreshingly scandal-free. But, either individually or collectively, chief executives surely have a duty to have a quiet word with those who need to know—principally the regulator—when evidence emerges, building up sediment upon sediment, that suggests an organisation is behaving in a way that is damaging the reputation of the voluntary and community sector.

When an organisation is dysfunctional to this extent, the beneficiaries of the charity will invariably be receiving a service that is at best shoddy and at worst putting them at serious risk. This is the strongest incentive for taking such a step.

Instead, what tends to happen is that, eventually, an internal whistle-blower takes the huge risk of contacting the regulator or a funder, an investigation duly follows and malpractice is exposed. At the next spring conference, the chief executives gather. With a collective rolling of the eyes, they gravely discuss the deplorable situation that was allowed to persist for far too long at organisation X. We all knew something wasn't right they say. Someone should have intervened earlier.

Jeremy Swain