



YHA GOVERNANCE REVIEW: WHAT NEEDS FIXING?

Introduction: Stage One of the Review

1. YHA used its anniversary year, 2005, to undertake a thorough review of its future strategy. This involved widespread consultation within the movement. The results were set out in the Strategy 2006 document, representing a high degree of hard-won consensus about the future direction and priorities of YHA. This was a substantial achievement: it is the sign of a healthy charity that it has the capacity to renew itself, reinterpreting and revitalising its mission in a changing world.
2. Strategy 2006 included the decision that

“We will undertake a fundamental review of our governance structure, to make it fit for a major charity in the 21st century. The review will have the twin objectives of delivering an effective and efficient board structure and enabling the wider membership to engage more fully with YHA’s work”.
3. Had there not been a widespread conviction that important improvements to YHA’s governance are needed, such a commitment would not have been made. But there may be different views about what needs to be improved and what may better be left alone. The first stage of the Governance Review will therefore examine the question: “*What needs fixing?*” Thus, this document seeks the views of different YHA stakeholders and members on which aspects of YHA’s governance warrant thorough, critical review if the inspiring vision set out in Strategy 2006 is to be achieved as successfully as possible. The subsequent stage of the Review, from the beginning of 2007, can then focus in more detail on options for reform of those aspects that emerge as clearly requiring serious scrutiny.
4. “Governance” is used in this document to mean the formal arrangements by which the charity chooses to govern itself. These include the systems for making decisions, exercising an effective and consistent overview of how the charitable objectives are being achieved, choosing Trustees, allowing opportunities to participate in formal voting or decision-taking meetings, holding the Executive effectively to account, safeguarding propriety and good practice and observing legal obligations. Of course, there are many improvements that a charity can make to its performance

through other means, for example, through better management by staff, better communications, or better informal opportunities for stakeholders and members to give their opinions. The focus in the Governance Review will be on the improvements that need to be made *by reforming governance arrangements*, and which cannot be satisfactorily addressed by doing things differently within the current governance arrangements.

5. As different governance issues are discussed below, a number of questions will be posed in italics on which views will be particularly welcome. These are then recapitulated in a consolidated questionnaire at the end, which may be a convenient form to use in submitting views. Please do not be daunted by the questionnaire: there is no need to fill in the whole thing. Please just answer those questions on which you have something you'd like to say, and leave the rest.

Current Governance Arrangements

6. YHA (England and Wales) is a registered UK charity with the constitution of an incorporated Company limited by guarantee. This is a modern constitution, which came into effect recently with the full approval of the Charity Commission. Scotland and Ireland have their own, independent YHAs.
 - *There does not appear to be any significant body of opinion in favour of altering the fact that YHA is now a charitable company limited by guarantee covering England and Wales – views are invited on whether this impression is correct?*

Like many larger charities, YHA also has a non-charitable trading company, which does not at present do enough business to warrant attention in a Governance Review.

7. YHA has an ordinary membership of about 230,000, who may take part in the governance of YHA by participating in the meetings of Regional Councils. Since the mid 1980s, the four Regional Councils (Wales, Central England, Northern England and Southern England) are no longer responsible for managing the hostels in their areas, but they can debate and register views on YHA concerns, and make these known to the charities' national decision-making bodies. Crucially, they nominate three representatives each to the national Board of Trustees (in addition to the four National Officers who in the past have always come via the Regional Councils) and the large majority of voting members of the national Annual General Meeting (AGM). The Regional Councils are generally drawn from Area Panels, Local Groups and YHA members from the Region. Taken together, they cost about £14,300 in 2005 (excluding staff costs).
8. In principle, the Regional Councils maintain a tradition of participative democracy in the YHA whereby members can attend meetings, initiate and listen to debate, vote on decisions, and send their representatives to

AGM and Board, thus securing accountability to the grass roots. In practice, however, the Regional Councils have found it increasingly difficult to perform this role convincingly. They meet 3 to 4 times per year. Attendance at their regular meetings appears commonly to be about twenty to forty and sometimes less than a quorum. There is little competition for places on the Councils and there are vacancies. All four of their AGMs taken together involve roughly 200 or so members. Within this small number, however, there is a good representation of very experienced and exceptionally committed YHA volunteers of many years' standing, who carry between them important aspects of the collective memory and historic motivation of the charity. There is a question as to whether and, if so, how the Regional Councils could represent more successfully the much wider range of age groups, interests and enthusiasms that make up the YHA movement today. We return to this question later.

9. The AGM is attended by up to 74 representatives of the four Regions elected by the Regional Councils, the 4 Honorary Officers, up to 5 representatives of Hostelling and Local Groups and up to 10 members of affiliated societies. It is not open directly to the membership at large. Staff representatives, and those Trustees who do not come via the Regional Councils, may attend but not vote. The AGM passes resolutions giving (non-binding) guidance to the Board of Trustees on matters of strategy and policy, elects the Trustees and must approve any constitutional changes. It meets for lunchtime on Saturday to lunchtime on Sunday and costs about £ 17,000 per year (excluding staff costs).
10. The Board of Trustees (who are the Directors of the charitable Company) numbers up to 26 people. Subject to the guidance of the AGM, the Trustees are responsible for ensuring that the charity is run effectively, financially soundly, and sustainably, and is fulfilling all its legal obligations. Their overriding responsibility as charity trustees is to the charity as a whole and its beneficiaries, not to any sectional interest within the whole. They employ the staff to manage the charity day to day and hold the staff accountable. They are
 - a) Four National Officers (National Chairman, Vice Chairman, Treasurer, Assistant Treasurer)
 - b) Three representatives nominated by each of the four Regions
 - c) Up to six nationally elected members directly recruited from the membership and elected by the Annual General Meeting in September
 - d) The Chief Executive
 - e) Up to three co-opted members.

The Board meets 6 times a year and costs £14,000 a year (excluding staff costs). Each meeting currently lasts a full day on a Saturday.

11. The Board currently delegates particular functions to five standing sub-committees and other groups. These are

- Performance and Audit Committee
- Remunerations Committee
- Nominations Committee
- Public Affairs Advisory Group
- Marketing and Business Development Advisory Group

There are also time-limited task forces with a specific objective from time to time.

12. In addition to the duties of trustees, the National Officers have the responsibility of maintaining an overview of the charity and where necessary making decisions in between formal meetings, liaising with the staff, planning the business of the Board, and representing YHA to internal or external audiences. They have an important role in appointments. The Chairman has special responsibility for chairing the Board meetings and for supervising the Chief Executive, while the Treasurer has special responsibility for ensuring sound financial management, budgeting and accounting. The demands on these Officers, especially the Chairman, are substantial: the current Chairman spends on average some 3 days per week on YHA business including very frequent telephone and email contact.
13. Before posing questions about these arrangements, it is important to recall the fundamental purpose of possible reforms.

Key Points from Strategy 2006

14. The purpose of any Governance reforms would be to realise more successfully the vision of Strategy 2006. Ideally, people will re-read that document before offering their views on Governance, but some key points are summarised here that must be borne constantly in mind when reflecting on the adequacy of current governance arrangements.
15. Firstly, YHA is a **charity**. It is not a club that exists only for its own members, nor a commercial business that exists for its shareholders. Its aim is to help all, especially young people of limited means, to a greater knowledge, love and care of the countryside, and appreciation of the cultural values of towns and cities. Strategy 2006 assigns priority to young people. The YHA wishes to promote their health, recreation and education. Providing great hostels in great locations is YHA's distinctive means of achieving these charitable goals. Supplementary objectives in the constitution are to contribute to urban and rural regeneration and to promote the conservation, protection and improvement of the physical and natural environment.
16. Hence, the governance arrangements must be such as to safeguard the charitable nature of YHA. They must reflect at all levels an overriding commitment to its charitable objects and the distinctive ethos on which charities ultimately depend to differentiate them from other kinds of

organisation. They need to facilitate the mobilisation of the full range of people, skills and enthusiasms that are relevant to achieving the charity's objects as they are interpreted today. Charitable status and its privileges also carry with them particular obligations relating to charity law and good practice, drawing on the Charity Commission's guidance, designed to protect public confidence in the integrity and effectiveness of charities. Governance arrangements should reflect and promote current good practice.

17. Secondly, YHA wants to be **a participative movement**, not an oligarchy or bureaucracy. One stated aim is to enable volunteers and supporters to contribute effectively to the organisation and to share in the successes, as well as enabling the wider membership to engage effectively in YHA's work. New volunteers are to be sought from more diverse backgrounds. Governance arrangements alone will not be enough, but they should be encouraging broad-based participation and engagement.
18. Thirdly, YHA is a charity **working for high stakes** (YHA deployed funds of over £42 million in 2005/6 and had borrowings of over £31 million) **in a highly competitive business environment**. The nature of demand is changing and the pressure of competitors is strong and growing. Strategy 2006 acknowledges that "We are not earning the money we need to invest for the future. We are at a crossroads." From this flows the need for rigorous control of costs, sharper business planning and a remodelling of the network with a clearer focus on particular markets. Governance arrangements must furnish the necessary skills and experience at all levels to rise to this immense challenge. For the sake of its charitable mission, YHA cannot afford to settle for anything less than first rate in its financial management, its marketing, its business judgements, its investment strategies, its rigorous monitoring of performance, its ability to respond vigorously to rapid external changes, and its management of staff.
19. Fourthly, Strategy 2006 embraces the opportunities and necessity of **partnership with the wider community**. To sustain the priority commitment to young people of limited means, there will be greater reliance on youth and school groups backed by public funds, and on greater financial support from government agencies, the Big Lottery, major grant-giving trusts and private sector partners. YHA will increasingly be seen as an organisation with a big contribution to making society a better place, in the fields of education, health, environment, and employment. It will reach out better to people who do not at present stay in YHA hostels and forge partnerships with a wider range of players. Governance arrangements must reflect these ambitions. They should play their part in offering opportunities for engagement in YHA to a full range of members and stakeholders that need to be part of the changing YHA movement described in Strategy 2006. They should also present an image and standards of good practice that will attract, rather than deter, the partners and customers whom the YHA knows it will need.

Questions about YHA's Current Governance

YHA's Members

20. It is no longer the case that all users of YHA hostels automatically become members, although members receive reduced rates. Members are therefore signing up to something more than using a hostel. They become part of a charity. They are entitled to attend Regional Council meetings, vote, stand for office and, as we have seen, select representatives to send to the AGM and the Board of Trustees. Relatively few actually do so. They may also respond to national advertisements seeking members to put themselves forward to be directly elected by the AGM as national Trustees. There is keen competition for these posts, and some 20-40 members put themselves forward for consideration each year, reflecting an abundant pool of talent.
21. Do most members know of these entitlements? Are they actually encouraged to take them up?
- *Are members made sufficiently aware, when they join and subsequently, of their entitlements to participate in the governance of YHA through Regional Councils and through standing as national Trustees? Do they presently feel encouraged to do so? Is this an issue for the Review?*

Regional Councils

22. The four Regional Councils engage a very small proportion of members in their regions, although these include outstandingly committed YHA volunteers and users of long standing. They contribute collective memory and mature commitment to the charity's governance, deep personal and practical knowledge, and other individual talents. On the other hand, the Regional Councils struggle to attract and engage with younger people and the wider range of people, backgrounds and enthusiasms which are relevant to the YHA's needs as set out in Strategy 2006. They tend not to fill all their places on the Regional Council and some elections of Trustees and delegates to the AGM are uncontested. A number of reasons have been given over the years. It may be partly because members are unaware of the Regional Councils, whose meetings are seldom vigorously marketed, and because the Regional Councils have no significant resources apart from their volunteer members and travel expenses. More fundamentally, it may be because the Regional Councils no longer have the important management responsibilities they had until the mid-1980s; it is always difficult to attract people to a body whose role and practical relevance is unclear. Wider social trends and habits may also have become increasingly unfavourable to their style of meeting and working. The Regional Council areas are seen as very large for the purposes of

tapping into local esprit de corps, whilst Regional Councils also lack the cutting edge and allure of the national decision-taking bodies.

23. The Regional Councils have a lot of influence in YHA's governance because of the numbers of their representatives on both the AGM and the Board of Trustees. Current experience suggests these questions, on which views are sought:
- *Does the role of Regional Councils warrant serious review?*
 - *Are they inherently capable, eg with better support and resources from the centre, of a revitalised contribution to broad-based participation and to mobilising the ideas and enthusiasms which YHA needs?*
 - *If so, what sort of changes should be considered to bring this about?*
 - *Is there a case for scrapping the Regional Councils in their present form and finding alternative ways of engaging with members and stakeholders – and what are the major risks of doing so?*
 - *If so, what options for change should be considered?*
 - *Are there other points relating to Regional Councils that the Review should consider?*

The AGM

24. The AGM's composition is based on the idea of delegates drawn from regional groupings of members and other key interests in YHA. It is not open to all members directly. The arguments for this state of affairs might be partly practical, eg fear of the logistics of a potentially huge gathering, and partly principled, eg that the members who self-select to attend an AGM might not reflect a proper balance between the different stakeholders who make up the YHA movement, bearing in mind that the charity does not exist primarily for its members. Views are sought on the following questions:
- *Should the Review consider seriously the pros and cons of an AGM open to all members?*
 - *Should the Review consider also the alternatives of a separate annual meeting of members, or meetings of members (regional or national) for particular purposes from time to time, with advisory status, as a complement to an AGM based as now on delegates?*
25. If the AGM is to continue to be based on delegates reflecting a balance of interests, a further question is:
- *Should the Review consider seriously whether the interests now represented on the AGM are the right ones, in broadly the right proportions, or not?*

At present, the main "electoral colleges" for the AGM are overwhelmingly the YHA Regional Councils. Hostelling and Local Groups send up to 5,

and Affiliated Societies up to 10 representatives. The resulting current AGM is not very diverse in age or background, seen in the context of the broad-based movement envisioned in Strategy 2006.

- *What key stakeholders or interests in the YHA movement seem under-represented on the AGM at present? Does it matter?*
- *What different or additional electoral colleges might be considered?*
- *Are there other issues about the nature of the AGM and its meetings that the Review should consider, bearing in mind its key functions of electing the Trustees and Honorary Officers, holding them to account, making any constitutional changes and establishing guidance on strategy and policy?*

The Board of Trustees

26. It seems obvious that any Governance Review must consider carefully the composition and effectiveness of the Board. It may be helpful to group questions by the key purposes identified in Strategy 2006 and summarised in paragraphs 15 to 19 above. (Of course there are overlaps, and some of the questions apply to more than one purpose.)
27. **Safeguarding YHA's Charitable Mission and Identity** (see paragraphs 15 and 16). This requires Trustees who have an informed enthusiasm for YHA's charitable objects, as interpreted in Strategy 2006, who understand the distinctive ethos of a charity and the special obligations of being a prominent charity in the 21st Century.
- *Is the Board as presently constituted well equipped to safeguard YHA's charitable mission and identity?*
 - *If not, what sort of changes might be considered?*
 - *Should the Review consider whether the trustees receive sufficient, continuing training, in charity law, the duties of Trustees, financial management, Health and Safety and competencies that are particularly relevant to YHA?*
28. **Enhancing YHA as a participative movement, not an oligarchy nor too narrow a group of people** (see paragraph 17). To what extent can the participation of different members, interests and stakeholders be achieved by direct representation on the Board? Experience from other charities suggests that if too many interests are directly represented, the Board becomes unwieldy as a decision-making body, substitutes speeches for good dialogue and deters able people who might otherwise serve as Trustees. And an unwieldy body is by no means ideal either for supporting and fertilising the work of the Executive or holding it effectively to account. Yet, if the Board is too small, key stakeholders can feel that their particular point of view or interest is not being taken properly into account and distrust of the centre as a Mandarin elite may develop. Whatever the composition of the Board, much depends on whether there is confidence in the ability of the AGM to hold the Board

effectively to account, and on whether, as a result of good communication and openness, the trust of members and other stakeholders is maintained.

- *In what respects might the Board be seen as too narrow in its current composition?*
- *Should the Review consider whether particular elements in the YHA who do not participate in the Board at present, eg younger people, people working in schools etc, should do so?*
- *Does it matter that the Board does not include people from ethnic minorities?*
- *Should the Review consider the pros and cons of the Chief Executive's remaining a Trustee?*
- *What other Governance issues are worth serious consideration when it comes to avoiding any perceptions of the Board as an unaccountable oligarchy or insufficiently versed in the experience of key elements of the YHA movement today?*
- *Does it matter that national trustees (attracted by advertisement and elected at the AGM) should face a highly competitive election whereas many Trustees nominated by the Regional Councils face no contested election at Regional level and automatic election at the AGM?*

29. **Playing for High Financial Stakes in a Competitive Climate** (see paragraph 18).

- *Should the Review consider whether the Board as currently constituted is well equipped to meet the business challenges described in paragraph 18?*
- *Is it important for the Review to consider whether the current Board has the right skills, experience and confidence to hold the highly expert paid staff effectively to account?*
- *Should the YHA expect its Trustees to be able to contribute creatively and supportively to the work of the staff, as well as scrutinising it rigorously? If so, should the Review consider whether the Board is equipped to do this?*
- *Does the size of the Board in itself affect the quality of scrutiny and decision-making? Should the Review consider if the Board is too big?*
- *Does the Board achieve effective and consistent focus on financial and business monitoring? Is this an issue for the Review?*
- *Do any of the existing sub-committees of the Board need review as regards terms of reference, composition and effectiveness?*
- *Should the Review consider whether the Trustees are drawing sufficiently on good practice elsewhere in the charity sector in appraising their own performance?*

Embracing Partnership with the Wider Community (see paragraph 19).

30. Strategy 2006 describes a full range of partnerships on which YHA will increasingly depend if it is to fulfil its mission in a very challenging and changing world.
- *Does the current composition of the Board give confidence in its ability to help YHA reach out to these partners successfully? What kind of additional skills and experience might be helpful? Are there any issues here for the Review?*
 - *Should the Review consider the pros and cons of setting a limit (as many charities do) to the number of consecutive three-year terms for which individual trustees are allowed to be re-elected?*
 - *Should the Review consider the risk that some key potential partners and funders of future YHA activities focusing on young people of limited means might be put off if there remains a preponderance of middle aged and elderly Trustees, and no ethnic minority representation? Might this also be a risk to YHA's brand and reputation? If so, what options for changes in Governance arrangements should be looked at?*
 - *Are there any other issues relating to the Board of Trustees which the Review should be considering?*

The National Officers

31. The National Officers have important responsibilities in the direction of YHA. Against the background of Strategy 2006, they must offer leadership which demands high calibre, thorough understanding of the nature of a charity, and the respect of both staff and different stakeholders in YHA.
- *Are current governance arrangements suitable in the long term for delivering National Officers that score sufficiently highly on criteria of calibre, understanding of charity and the respect and trust of YHA staff and wider stakeholders?*
 - *If there are doubts, what are the main barriers at present and what options should the Review consider for securing National Officers with the necessary qualities in future?*
 - *Are there other issues about the roles and selection of the National Officers that the Review should consider?*

Next Steps

32. The views of all those currently involved in YHA Governance, of staff, volunteers, groups, members, supporters and partners of the YHA, will be warmly welcome and appreciated. They will help ensure that the Review focuses on what needs fixing. To offer your view, please use the attached Questionnaire, which brings together all the questions posed in this document, and return it **by the end of October 2006** if possible to Governance Review, YHA (England & Wales) Ltd, Trevelyan House,

Dimple Road, Matlock, Derbyshire DE4 3YH (or e-mail it to governancereview@yha.org.uk). Later responses will not be wasted, but those received by the end of October will be certain to influence the report to the Board which will be compiled by mid November about the agenda of the subsequent Governance Review. There will be further opportunities to give your views later on options for change relating to the issues which emerge from this first stage as worthy of serious scrutiny.

33. **Please do not feel you must respond to every question.** You may have a clear view on some but not on others. Feel free to select those on which you wish to comment. There is a general question at the end to enable you to raise any issue that may not be covered elsewhere.
34. Thank you very much for reading this document and for any views you contribute.

Andrew Purkis
September 2006

NOTE ABOUT THE AUTHOR

Dr Andrew Purkis, OBE, is the independent Governance Review Leader selected by competitive process to assist the YHA Board implement the Review decided on in Strategy 2006. He has been Assistant Director of the National Council for Voluntary Organisations, Chief Executive of the Council for the Protection of Rural England and of the Diana, Princess of Wales Memorial Fund, and Secretary for Public Affairs to the Archbishop of Canterbury. He has been Chairman of three national charities.