

## Journey of a Group:

# Managing Reputational Risk

### Overview

The Charity Commission cites damage to reputational risk as an example of an incident to which Trustees should make a considered response and which may need to be reported as a serious incident. From a governance perspective an organisation's reputation doesn't necessarily reflect the quality of its governance or the work it does.

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### Good Decision Making

Questions about reputation often revolve around allegations that Trustees made decisions for the wrong reason and were improperly motivated. Charity Law sets out how trustees should approach making decisions and this is what the Charity Commission will look at if a concern is raised with them.

Good decision making consists of 4 main factors –

#### Legal powers

Make sure you have the power to make the decision; the governing document should confirm this.

## **Information**

Make sure you have the correct information and enough of it to make the decision. This may include seeking expert advice, considering the long-term implications and making sure the decision is based only on considerations relevant to the charity.

## **Motivation**

Make sure that it is only the charity's best interests that are considered and not those of any other organisation or individual.

## **Reasonableness**

Trustees should ensure that the choices they make fall within the range of what a reasonable board would decide given the specific circumstances. This helps ensure that decisions are thoughtful, justifiable, and in the best interest of the charity and its beneficiaries.

One suggestion is to be your own critical friend, ask how you will explain your decisions to beneficiaries, staff, volunteers or a journalist. Have those discussions recorded in the minutes of the board meeting in order to demonstrate that due consideration was given to all the above points in making a decision and were aware of the risks and implications.

Like any other risk, reputational damage should be included on your risk register and regularly reviewed.

## **Communications and how to manage reputation when something goes wrong**

1. Be proactive - If you do find your organisation compromised, make sure you're proactive with your communications. Aim to get messages out to your stakeholders, both inside and outside of your

organisation on what's happened. Hearing it from you first is key to maintaining trust.

2. Create a communications plan - There are some things you can't fully plan for, and this is often one of them, but building a plan to maintain consistent communications following an unforeseen event will help you to get back into the driving seat of your organisation's reputation.
3. Be clear and consistent - Keeping communications clear and consistent is key to re-establishing or maintaining trust. It makes people feel like they're important to you and your organisation and will help re-establish any feelings of mistrust that might have developed.
4. Consider 'what if scenarios' - It's worth considering 'what if' scenarios and perhaps drawing up small communications plans should certain events occur. This will help you be slightly more on a 'front foot' and less reactive, to get communications out quicker and give you back a little more control.
5. Own it - Having a crisis communications plan in place means nothing if organisations aren't willing to own or acknowledge incidents that are occurring. You're more likely to succeed when you're transparent, acting in good faith and through sound business judgement.
6. Showcase truth - In some instances, your crisis might not necessarily be caused by the people associated with your organisation, but an overtly 'reactionary' communications won't do your reputation any more favours. In this instance, showcase the trust in a positive light, without 'talking down' anyone else in the process.

## **Facts and Figures... What the public cares about!**

According to a 2020 study done by Populus and the Charity Commission, 97% of the public say it is important to know that a high proportion of

money goes to those the charity is helping. Just over 50% say operating ethically is important, and 50% say making an impact is important.

The research also finds that 63% of the public think that all charities have a “collective responsibility” to uphold the reputation of the sector. The report says: “Our qualitative studies clearly suggest that people expect charities to do more to demonstrate that they are operating to high standards as well as making a difference.”

What this tells us is that when faced with any kind of reputational risk, building back public trust with proven results is incredibly effective. Being transparent with how your organisation operates and showcasing the success that comes from all the hard work being done is crucial to building your reputation and maintaining it

### Further Sources:

Charity Commission guidance on managing risk

<https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

Charities and risk management

[Charities and risk management \(CC26\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/charities-and-risk-management-cc26)

Regulating in the Public Interest Report

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/891221/Regulating\\_in\\_the\\_public\\_interest\\_research\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891221/Regulating_in_the_public_interest_research_report.pdf)

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