



***Global megatrends – what you
need to know Leading good board
conversations about finance***



Did you know?

ICAEW's Continuing Professional Development (CPD) Regulations have changed. Members are now required to do a minimum number of CPD hours per year.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.





Verifying your CPD

If you are watching this webinar **live**, a copy of the registration email is acceptable evidence of verifiable CPD.

If you are watching this webinar **on demand** via ICAEW.com, click on “verify your CPD” on the webinar webpage to add this to your CPD record.








Leading good board conversations

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Wednesday 22 May 2024

Key principles for good board conversations

Focus on:

-  onboarding
-  training
-  building rapport and trust
-  information needs
-  perspectives

Be:

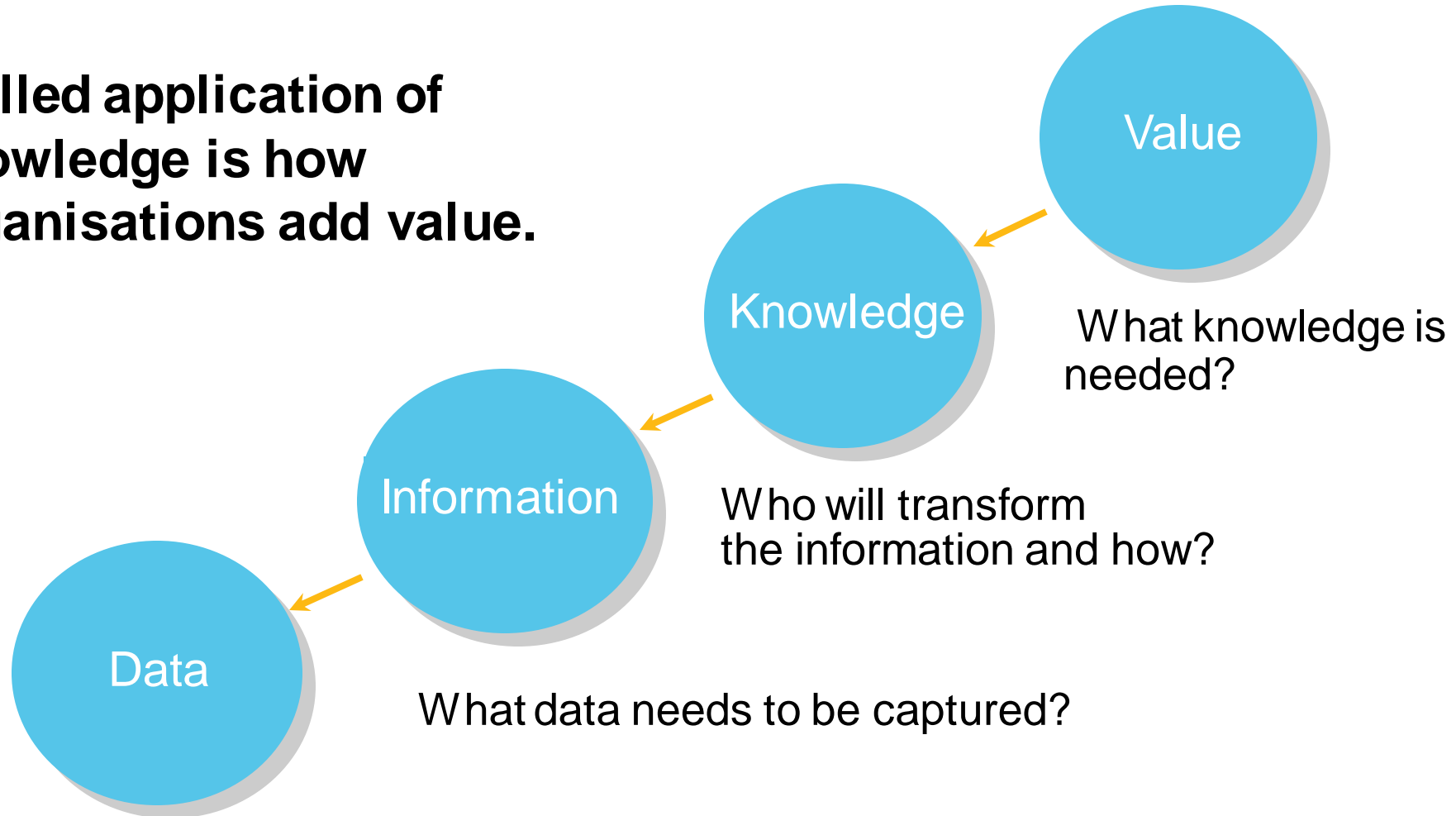
-  engaging
-  prepared
-  clear
-  transparent
-  ruthless

Top tip one: take a friend
Top tip two: share insights for informed decision making, not data

Start with what is needed to add value



Skilled application of knowledge is how organisations add value.



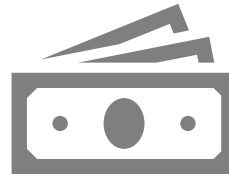
Performance measure

A quantification of how well activities within a process or the outputs of a process achieve a specified goal

What do we want to measure?
How do we want to measure it?
What will we use the measure for?



Quality-based measures
examine how well products or services meet needs.

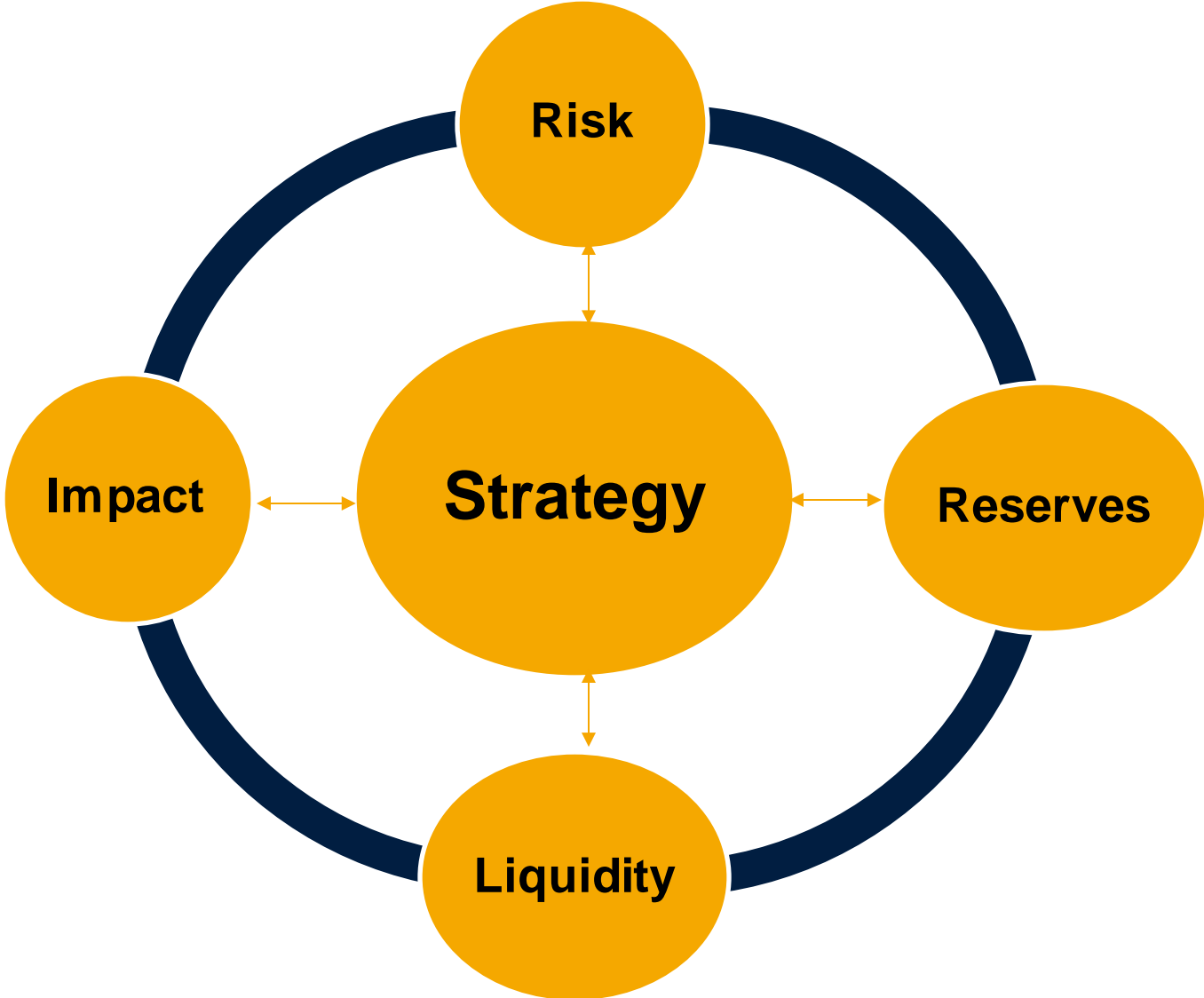


Cost-based measures
address the financial side of performance.

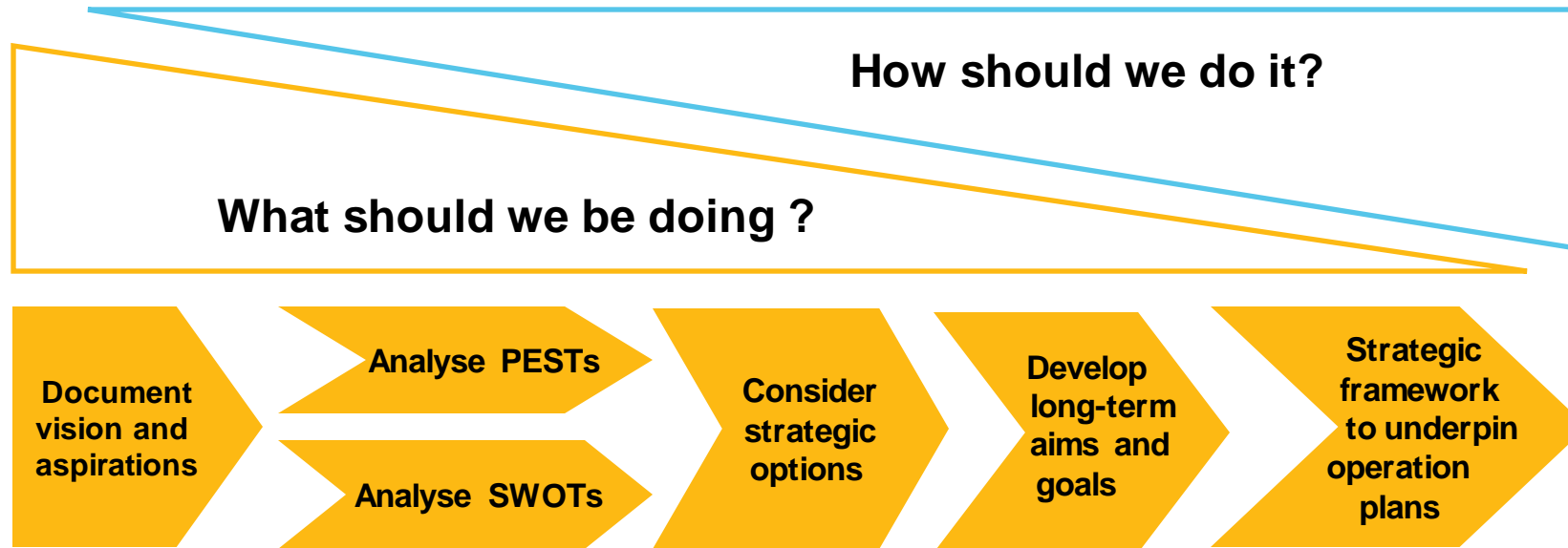


Time-based measures
focus on speed and responsiveness.

Linkages



Linking strategy to performance – how will we get there?



Take some time to formulate a robust set of strategic options, each followed through to its logical end state, including the implications for the allocation of people, funds, and other resources.

**WHAT ARE THE KEY INPUTS, ACTIVITIES, OUTPUTS, OUTCOMES AND IMPACTS?
HOW DO WE IDENTIFY RECORD AND REPORT ON THEM?**

Link business planning with cash management with risk management and forecasting process

Rethink risk: What is our risk appetite? What is the risk velocity? What are the emerging risks?

Rethink reserves: Why are these held? What is the appropriate level? How should it be used? How does this link with our risk?

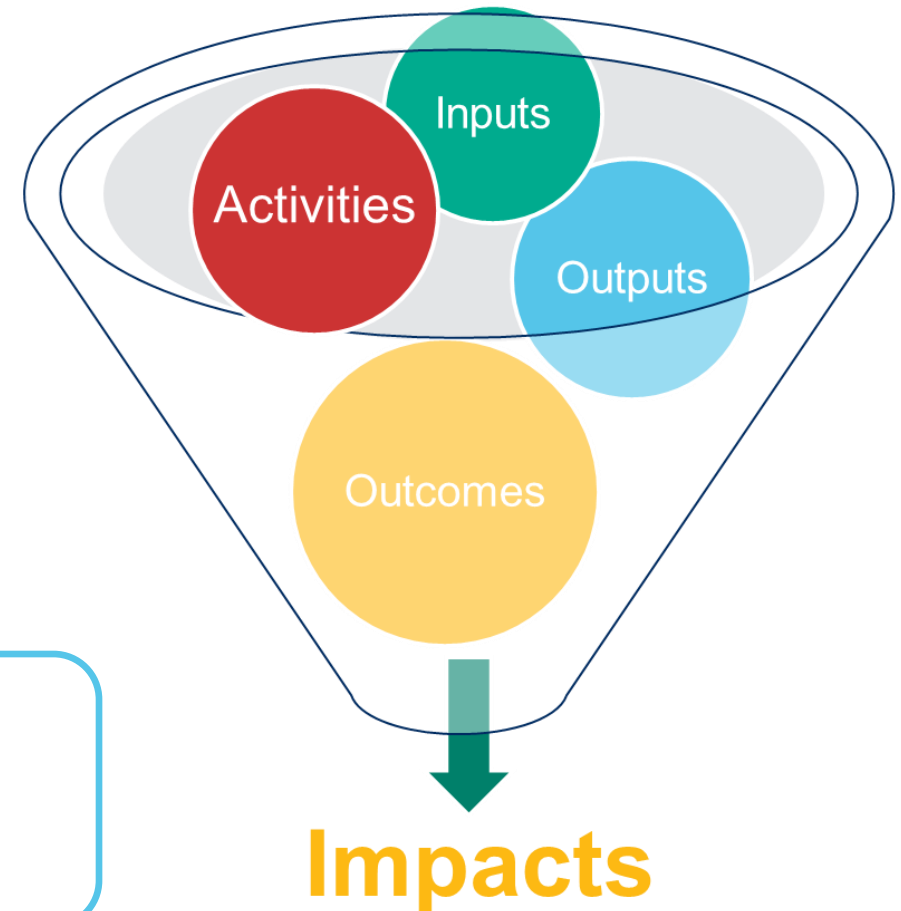
Think about the NOW and the FUTURE

Consider scenario planning

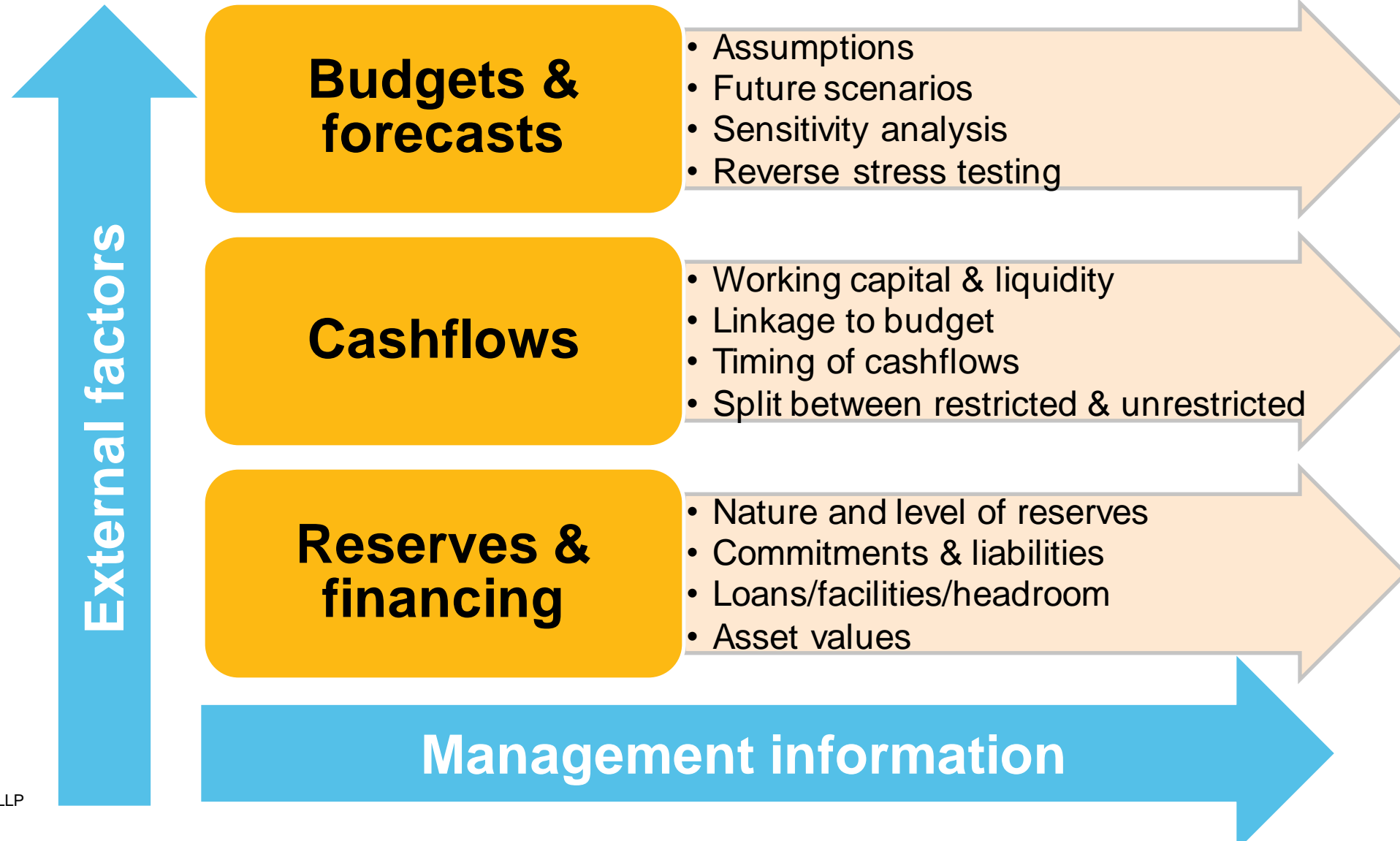
Impact reporting: the journey continues

- Lots of good theory
- Many examples of good practice
- Terms are used loosely
- Much more to do
- Don't be put off by the challenges
- Look beyond the obvious

**What is really measurable?
Why are we trying to measure it?
What conclusions can be drawn?**



Understand management's assessments





Thank You



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Leading good board conversations about finance

James Abbott
Chief Operating Officer
RNID

Session objective

Share practical tips, to help you lead financial conversations with your trustee board, helping them engage with the issues and make informed financial decisions.



Tip 1. Lay the groundwork

- How can the committees help?
- Who will get it?
- Who won't?

“ I’m a bit worried about the Board budget item, given the range of views in the room. Can we have a chat about how to handle it? I’d appreciate your views.

”

“ The Resources Committee reviewed the multi-year budget at their meetings on 18 January 2024 ... they ENDORSE it to the Board for approval

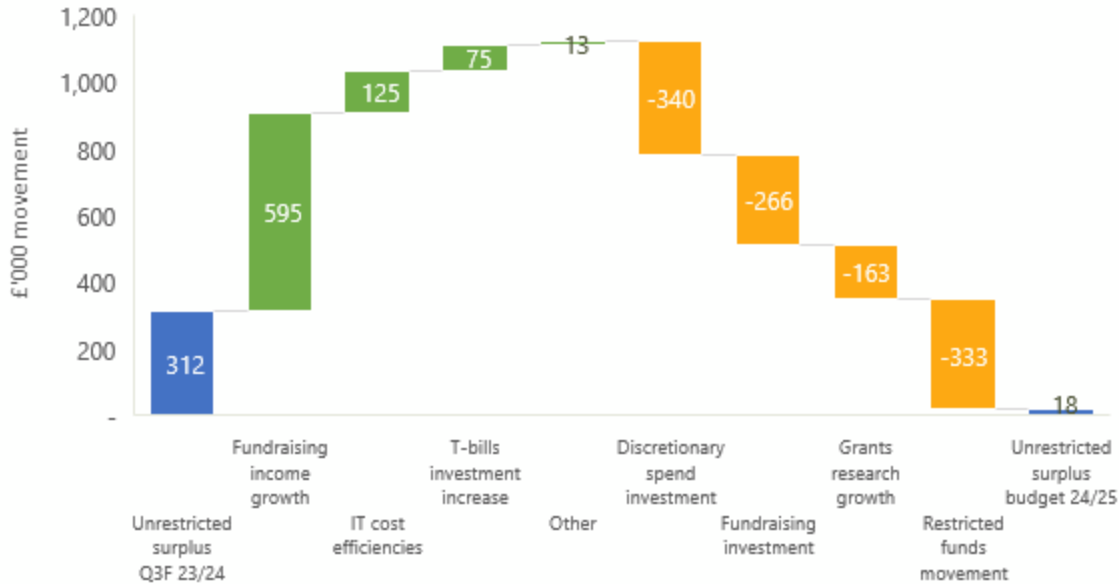
”

“ You mentioned you aren’t confident talking about finances. Shall we have a chat before the meeting so we can go through things in a bit more detail?

”

Tip 2. Get your papers right

- Presentation matters
- Use a few carefully chosen graphics
- Big picture



FEBRUARY 2024 CONTENTS PAGE

ICON KEY ✓ on track ⚠ area for concern

3 PROGRAMMES

4-5 PRODUCTS AND BRAND

6 FUNDRAISING £11,829k year to date income ✓

7 PEOPLE 67% staff engagement ✓ November 2023 results

8 SUMMARY INCOME AND EXPENDITURE £723K month unrestricted surplus ✓
£1,743K year to date unrestricted surplus ✓

10 RESTRICTED FUNDS £934k balance as at current month ✓

BRAND REACH 8% ✓ people know who we are and what we do

LEGACIES £8,788k ✓

MASS MARKET £1,956k ✓

HIGH VALUE £1,084k year to date income ✓

COMPLIANCE 95% mandatory staff training as at reporting month ✓

9 RESERVES AND FUNDING £4.0M free reserves as at current month ✓

11 FINANCIAL SUMMARIES BY TEAMS

HIGHLIGHTS THIS MONTH

- We had a really successful Tinnitus Week campaign. It centred around a video featuring celeb Jamie Laing talking about his tinnitus with a donation ask as well as encouraging people to download our tinnitus guide.
- We ran the Big RNID Survey 2024 to understand public attitudes towards deaf people and people with hearing loss, it got nearly 8,000 responses including the public polling. The analysed data has the potential to inform our Inclusion programme for years to come.
- The Omagh Volunteer Centre awarded our RNID NY volunteers Epic Awards. These awards provided the volunteer centre an opportunity to thank our volunteers for the time, kindness and impact they make within our local communities within Northern Ireland.
- Our year to date operating surplus is £1.3m which is better than forecast due to high legacy income. As a result, we now anticipate total 2023/24 legacy income of £9.1m - £9.6m.

Tip 3. Help people engage

- Break the ice
- Set the scene
- Keep a clear structure

“ There’s lots in the paper, but what it boils down to is a conversation about how we balancing competing priorities:

1. Restoring our free reserves
2. Investing in growth

”

“ We talked about this in the January Board, and trustees asked us to...

”

“ I suggest we break this conversation down into three parts:

1. Understanding the assumptions, especially income
2. Understanding the key areas of risk
3. Debating how we balance our competing priorities.

”

Tip 4. Be propositional

- What are the options?
- What do you recommend?
- What do the experts say?

“

There's no right answer to how we balance these competing budget priorities. It's a matter of risk and risk appetite.

But we have recommended – per the graph on p3- that we prioritise growth in the current year.

This would mean only making a modest contribution to free reserves, and accepting that we won't restore free reserves to the Board's target range until next year.

But investing in growth now is what will enable us to diversify our income, and to ensure we are delivering at scale for our communities.

”

Tip 5. Get to a decision

- What have you heard?
- What do you suggest as a way forward?
- What happens next?

“ OK, so based on that I suggest we don't plan to make a contribution to free reserves this year, and instead invest that amount – c£200k- into activities that will support income diversification. We'd like the Board to approve the budget subject to that amendment.

”

“ I've heard a range of views on our financial priorities. On balance, trustees are looking for faster income diversification than we've proposed, even if that delays restoring free reserves by another year or so. Is that a fair summary?

”

“ Clearly this is a matter that we'll need to come back to. We'll update the five-year model based on the decision today, and schedule a further conversation well ahead of next year's budget conversation.

”

Recap: my top tips

1. Lay the groundwork
2. Get your papers right
3. Help people engage
4. Be propositional
5. Get to a decision



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