

## **Case study – dispute**

A charity owned a large historic building which the trustees hoped to restore and re-open to the public. However, there were some dominant personalities among the trustees, and they objected to the proposed method of restoration. As a result, two factions emerged within the charity, and the dispute halted the building's restoration.

Due to the dispute, the trustees stopped meeting regularly as a Board. Communications with the main funder of the project broke down, and this almost resulted in the charity closing down altogether.

### **What happened?**

The charity's Chair was only making certain trustees aware of important information. This meant that the full Board of trustees was not involved in making key decisions, nor were they aware of some decisions that had been made. Other decisions were not taken when they should have been, or were later overturned – again, without all of the trustees being involved. Some of these decisions related to insurance, health and safety and financial matters. The Chair, without the knowledge of the other trustees, had completely ceased contact with the restoration project's main funder.

### **Outcome**

Fortunately, the funder remained supportive of the project. The remaining trustees called an emergency meeting of the full Board. It was clear at the meeting that all of the trustees were passionate about the building and were keen to move the project forward. However, when the governance issues were raised and discussed, several of the trustees resigned. The remaining trustees realised the dispute (including their own behaviour) had put the building's restoration and the future of the charity at risk.

They contacted a mediation service and through a long process of discussion, and with the continued support of the funder, moved the charity forward. As part of that process, the trustees recognised that the charity needed people with particular skills that they had not been able to offer. As a result, additional trustees were recruited and the project commenced, albeit several years behind schedule, with financial implications for the charity's assets.

## What can you do to protect your charity?

Disputes can be very damaging to a charity, reputationally and financially.

- Trustees must remember that they have a responsibility to address disputes as quickly and effectively as possible. You must make sure that your charity's trustee Board is fit for purpose, contains the right mix of skills, and that all members are working together.
- Agree and apply a process for managing serious differences between charity trustees, and between charity trustees and staff.
- We have seen several instances where charities have had to wind up because disputes could not be resolved, and the charity was unable to deliver its services.
- Trustees must remember that they are collectively responsible for the running of the charity.

## Guidance and support

Fortunately, support is available to help you to resolve disputes.

- You can read our guidance on charity trustee duties at <http://www.oscr.org.uk>
- You can read our guidance '[Who's in Charge](#)'
- You can get help and support from your local [Third Sector Interface](#)
- You can contact mediation services such as [ACAS](#) or the [Scottish Mediation Network](#).