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CHAIRMAN'S REPORT on Progress/Developments at the Irish Red Cross June-December 2011

December 2011

INTRODUCTION

Through the past six months, the international humanitarian agenda has been dominated by the uprisings across North Africa and the Middle East, the food crisis in the Horn of Africa, and the response to the natural disasters in Japan and more recently in Turkey. Here at home, thankfully, we have had no large scale emergencies, although we did have a high profile role in responding to the recent East Coast flooding. Irish Red Cross Volunteers have, for the most part, been focused on their ongoing routine good work in local communities right across the country.

While we in the IRC have many challenges, we also can point to some notable successes through the period:

- Our contribution to the Japanese Red Cross relief effort which came to almost Euro 600k.
- Our contribution to the Horn of Africa appeal which is also close to 350k to date.
- Our World Health Organisation award for the IRC Community-based Health and First Aid programme in Irish Prisons.
- Our International Federation Award at the International General Assembly for the IRC Youth HIV/AIDS Awareness programme, and the growing momentum of IRC Youth as evidenced by events such as the National Youth Camp and National Youth Forum.
- Our successful conference on International Humanitarian Law and the growing position of influence we enjoy in promoting IHL principles at home and abroad.
- Our support for flood victims after the extreme weather of late October.

These are successes that should give us a great deal of encouragement as we turn to the challenges which we face and begin to tackle these, one by one, in a comprehensive and decisive way. This is very much the story of the past six months. At the Executive Committee and with the support of the Secretariat, we have adopted a more strategic perspective and resolved that we are going to put the distractions and failings of recent years behind us and begin the journey to a new future for the Irish Red Cross.

We recognise that this is not an easy journey and appreciate that there will be some who will be sceptical at the outset. However I believe we can demonstrate that we have made substantial progress over the past six months, in a way that constitutes a very credible start and such that it deserves the support of our volunteers and other stakeholders as we look to build on this momentum in the New Year.

Our focus through this period has been on our three most immediate challenges;

1. The requirement to strengthen our Governance and Supervisory processes at every level to a standard that meets "best practice" for the Charity Sector. This is the only way in which we will conclusively put the turmoil of recent years behind us.
2. The need to respond to a changed economic climate and the threat it represents to the financial stability of the Society.
3. The requirement to put the management and development of the Secretariat staff on a more professional footing so that they can be effectively mobilised to improve service quality and support a change agenda for the Society.

I want to take each of these in turn and highlight the work that has been completed in the past six months;

Strengthen our Governance and Supervisory processes at every level to a standard that meets “best practice” for the Charity Sector

The first and most fundamental step in reforming our governance is the revision of the IRC Constitution. We had hoped that this process would be complete by year-end, but we are still some weeks away from the enactment of the required statutory amendment.

We approved our new draft constitution at the May meeting of our Central Council. We then submitted this draft to the Joint Statutes Commission of the International Federation of the Red Cross and Red Crescent and ICRC for approval. We received their endorsement in July with minimal change and confirmation that it met their standards in all respects. It was then passed to the Department of Defence who were tasked on behalf of Government with engaging with the AGs office and preparing a revised statutory order that would give effect to the changes. This process that has taken more time than we had envisaged but we appreciate that there are many competing demands for their time, given the weight of IMF/EU legislation that is on the national agenda. However we have now received a draft statutory order and are hopeful that the process is moving into its final stages. It is imperative that it is complete by early New Year in time for the next election cycle which takes place in May... and that is our objective.

We are conscious of a view in some quarters that the new Constitution doesn't go far enough in forcing change and turnover of personnel at Board and Council level. In this respect it's important however to emphasise that the new Constitution provides for the following influx of new blood from outside the Society;

- Up to 10% of Council members to be nominated by Government—they can be external.
- Up to 10% of Council members can be external nominees co-opted by the Nominations Committee
- 2 Board (Executive Committee) members can be external nominees co-opted by the Chairman

More importantly however, the main body of Central Council members and Board members, and all the Officers of the Society, are elected to their positions. This means that the degree of change and turnover in our Governance structures is much less about restrictions in the Constitution and much more about the choices that our volunteers and Council members will make in electing their representatives. We are a democratic society and this is a point that seems to be lost on some of our critics. We cannot impose change on our members and we must respect the choices and decisions that are made by the majority. If there is a view that change should be more radical, that is entirely in the hands of our volunteers and the members of our Central Council.

However good governance is not just about the Constitution, it requires much more than this. A well-governed organisation must have a system of Policies, Standards, Controls and Supervisory Processes that together create a strong governance framework. In this respect we have made great strides and the following initiatives have all been implemented in the past six months.

Board Governance/Management Oversight

- Statement of Directors Roles, Responsibilities and Accountabilities.
- Code of Conduct for Directors and Management.
- Register of Organisational Risks and Vulnerabilities.
- Statement of Fundraising principles and Behavioral Code (We are one of the early adopters of this Voluntary code and our compliance with “best practice” has been confirmed by Irish Charities Tax Research Ltd (ICTR))
- Definition of Authorities delegated from Exec. Committee to Management Team
- Performance Evaluation for Secretary General.
- Planning/preparation for Board Self-Evaluation In January.

Financial Governance and Supervision

- Definition of Policies and Standards:-
 - Reserves Management Policy.
 - Procurement Policy and procedures.
 - Policy for Management and Oversight of Borrowings and Investments.
 - Treasury and Deposits Management Policy.
 - Fixed Asset Management Policy.
 - Stock Control Policy.
 - Policy for Control and Oversight of Cheque issuance.
 - Policy for Control and Oversight of General expenses and Petty cash.
 - Policy for Control and Oversight of Travel expenses.
 - Policy for Control and Oversight of Credit card transactions.
 - Policy for Authorisation and Approval of electronic payments
- Establishment of an Independent Audit Committee with External membership
- A Framework for Control and Supervision of our Branch Finances. This involves:-
 - (a) An Instruction manual for all Branch Treasurers.
 - (b) A Questionnaire that must be completed by Branch Treasurers to confirm their compliance with best practice.
 - (c) A suite of Central Controls to monitor and supervise branch financial activities; these include periodic reports from our banks to be reconciled with our branch returns
- Property Project: Work is at an advanced stage to ensure that all IRC properties that are owned, or subjects of a long-term lease, can be reflected on our Balance Sheet at year-end 2011. We are confident that this piece of work will be complete by year-end.

General Governance

- Data Retention, Storage and Management Policy.
- Policy for Management of IT and Communications Technologies.
- Policy for Garda Vetting of all Volunteers and Staff.
- Business Continuity policy (will complete in January.)

The combination of all these different initiatives, together with our revised Constitution (when enacted) has significantly improved our Governance framework. We have taken very big steps towards our goal of establishing the Irish Red Cross as a model for Good Governance in the charity sector. However there is more to do and some gaps that will be the focus of our efforts in the early New Year;

- The need for continuing Board Development, Training and Evaluation.
- The requirement for an Organisational Strategy Development and Planning process.
- A review of Our Working groups in the light of any revised strategy and objectives.
- A review of our Overseas Financial management policy.

Respond to a changed economic climate and the threat it represents to the financial stability of the Society

Through the past twelve months, the implications for all Irish Charities, of our national economic and financial circumstances, are becoming very clear and very threatening. State support is being reduced, donor contributions and revenues are falling, and commercial revenues are under pressure. The combination is not unique to the Irish Red Cross but it does present the Society with enormous challenges.

In response, the Secretary General has driven a fundamental review of our Finances. Projections were prepared for the years 2012 to 2016-based on the new realities and trends. Unsurprisingly these pointed to a very difficult outlook which required immediate and radical action.

The following steps have already been taken:-

Cost Management

- Review of Core Head Office costs (Core Head Office costs include Administration, Premises , Utilities, Technology Support , Professional fees and the cost of our Finance team and Secretary General's office and Executive) which achieved a substantial reduction (more than 200k per annum)
- Review of National Service costs-this has resulted in a reduction of circa 150k per annum
- Review of International Team costs-this has reduced ongoing costs by over 200k-partly facilitated through the re-negotiation of some delegate contracts with the International Federation and the ICRC
- Re-negotiation of our Statutory Contribution to the International Federation and ICRC- reduction of 30k ongoing

This set of actions has transformed the cost base at Head Office. However in light of the trends which are apparent in our revenue lines and the expectation that these trends will continue—we must do more to reduce costs. This will be a priority through the course of 2012

However our ambition is to grow and develop the Society and if we are to set such an objective, we must also put a strong emphasis on reversing the falls we have seen in our fundraising and commercial revenues. It is clear that this has come about partially because of a lack of investment and focus on these areas in the recent past and our analysis tells us that we can find many opportunities to improve our performance if we put our mind to it. While it's a difficult environment in which to start, we have made this a major priority for 2012. Some early actions have already been taken;

- We have reviewed our Commercial Services activities and approved a new plan that will take a much more ambitious approach into the future. Our objective is to make much more of our commercial opportunities and ensure that this contributes more meaningfully to IRC revenues. A new Head of Commercial services was recently appointed, along with a Service manager. Existing business lines will be expanded and new opportunities are being explored.
- A new Head of Fundraising is in place since the beginning of the year. He has fundamentally reviewed our current activity, benchmarked it against the performance of others in the sector and brought forward a Fundraising Strategy that can significantly improve our fundraising capacity. We are now moving to implement some of these initiatives in the New Year.

Put the management and capability of the Secretariat staff on a more professional footing so that they can be effectively mobilised to improve service quality and drive a change agenda for the Society.

The following steps have been taken through the past six months with the objective of creating an open, transparent, secure and supportive working environment for our staff. This is an important step given the turmoil of recent years and the uncertainty and unease which followed for staff members;

- Introduction of regular management meetings, staff meetings and one to one meetings with the Secretary General.
- Physical reorganisation of staff within the HO Building to create more cohesive teams.
- Contract negotiated with Peninsula HR to provide professional HR support to Management and staff. As part of this they provide the following (which were not previously in place)
 - "Handholding" and advice for management in managing any HR conflicts or difficulties with a guarantee that it will always reflect best practice in HR management
 - Review of existing /preparation of any new Staff Contracts and standardisation of Contracts
 - Staff Handbook/Terms and Conditions
 - Health and Safety Policy/evaluation and support
 - 24/7 Line for staff advice, counselling and support
- Staff election to appoint two of their own (Catherine Harrison and Lucy Banks) as Staff mentors and Advisors with an open door to Secretary General and Chairman to raise issues or problems.
- Establishment of External Referee-(Hans Zomer of Dóchas)- with whom any staff member can make contact and with whom they can raise a serious issue if they believe that such an issue is not being properly addressed by the Secretary General, Chairman or Board.
- Introduction and completion of a confidential Staff Survey. This has just been completed and the results will be presented by staff themselves to the Executive Committee in January. The Secretary General has committed to respond to any issues arising with a HR Action Plan. This survey will be repeated from time to time to monitor staff attitudes, satisfaction and morale.
- All managers in the Secretariat have been invited to evaluate the Secretary General's performance across all aspects of his responsibility –through a confidential survey and the summary is provided to the Chairman to help inform his, and the Board's, evaluation of the Secretary General.

At a different level, we are also very conscious of the need to continuously improve the professionalism of our staff and the quality of services that are provided. This will be facilitated by the following two projects;

- **CARE Project**—The introduction of the new technology platform is a major project and will help in many ways to improve service quality, efficiency and connectivity between volunteers and staff. The "testing" process has taken longer than expected but we will be "live" before year-end.
- **Process Reviews/Complaints Log**- There are points of failure in our delivery of services because the different contributors to a process do not understand the process, the part they must play and the dependence of others on their outputs. This is now being tackled through "Process mapping" which reviews each process and ensures that it is workable and then documents the associated responsibilities. In addition a "Complaints Log" is now in place. This captures any failure and establishes why and where it happened—and more importantly what must be done to ensure it is not repeated.

We are conscious of the need to improve service quality for our volunteers—the introduction of CARE and the Process mapping/Complaints Log process will progressively resolve these problems.

The New Year will also see a strong emphasis on improving performance through the introduction of the following for all staff;

- Revised Job Descriptions and Performance Objectives.
- Performance reviews at four monthly intervals, with a formal year-end Performance evaluation.
- A Personal Training plan with Training objectives.

Summary:

The actions that we have taken represent very substantial progress in terms of our Governance framework, the restoration of good order to our finances and the development of our Secretariat staff and their capacity to deliver improved service and drive our change agenda. Together, I hope they will be seen as clear evidence that the Executive Committee of the IRC is serious about change and reform and that this process is now well underway.

We are also very mindful that each of these different objectives is a journey and there is more to do in 2012. We have pointed to the next priorities under each of these headings and in particular would put emphasis on the scale of the challenge that remains to develop our fundraising capability and create the financial capacity that is needed to grow and develop the Society.

However, it is also the case that each of these three dimensions are simply “means to an end” In the final analysis, the purpose of improving our governance, building our financial capacity and building the capacity of our secretariat is to enable the Society to better support its volunteers and to better fulfill the universal mission of the Red Cross—to help the most vulnerable in our communities. These are our enduring priorities and must now be placed at the centre of our agenda.

This is the intention as we move into 2012. We will continue the work that is well advanced under the three headings that have been described, but we will now turn our attention more particularly on these central priorities for the Society—What is our strategy and plan to ensure that we meet the needs of the most vulnerable? –and how do we best organise, support, recruit and mobilise our volunteers to ensure that we deliver on such ambitions? It’s not that we don’t do this today and do it very well in many ways—but Ireland is changing and so too are the communities in which we provide service. We are in a process of renewal and its appropriate at the outset to reach out to our volunteers and beneficiaries and ask them if we are doing the right things, or if we need to organise ourselves differently to deliver more effectively. These are questions that we want to discuss as part of a Society –wide dialogue in the Spring and which will contribute to a new IRC Strategy and Plan that we will create by mid-year.

This dialogue with our members will also be helpful in pursuing another objective, which is to put our volunteers at the centre of the Irish Red Cross agenda. We want our volunteers to feel more appreciated and valued for the great work that they do and to feel that they are helped and supported in every way possible. In time their greater satisfaction and fulfillment in their work with the Irish Red Cross can be a powerful motivation for others to join the Society and help us to expand our membership and broaden our footprint across the country.

We are also very conscious of the manner in which the reputation and standing of the Irish Red Cross has been undermined by the events of the past few years. We are now in a position to start rebuilding that reputation, reassuring the public that we have addressed any points of failure and telling our story of renewal and rejuvenation. This too is a priority for 2012.

These are themes that will be the focus of our attention in the coming twelve months. We will sustain the recent momentum and we are determined that we will have an equally long list of achievements to present under each of these headings at the end of 2012. We are grateful to our volunteers, our staff and our many donors for their wonderful support through the course of the past twelve months and look forward to ensuring that our collective efforts will continue the work of transforming and rejuvenating the Society in 2012.

