

Codes of Conduct for Trustees

Developing and using trustee codes of conduct

Claire Farmer

Published by
Charity Trustee Networks
2nd Floor
The Guildford Institute
Ward Street
Guildford
GU1 4LH

Tel: 01483 230280

Website: www.trusteenet.org.uk

from whom further copies are available.

Registered charity number 1110979, company number 5499220

First published 2008

Copyright Charity Trustee Networks 2008

All rights reserved. No part of this book may be stored in a retrieval system or reproduced in any form whatsoever without prior permission in writing from the publisher. This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out or otherwise circulated without the publisher's prior permission in any form of binding or cover other than that in which it is published, and without a similar condition including this condition being imposed on the subsequent purchaser.

Cover and text designed by Kate Bass

Typeset by Keystroke, Wolverhampton

Printed and bound by Page Bros, Norwich

Produced by Directory of Social Change, London for Charity Trustee Networks



Contents

<i>Foreword by Julia Unwin</i>	v
<i>Foreword by Kevin Turmore</i>	vi
<i>About Charity Trustee Networks (CTN)</i>	vii
<i>How this publication came to be</i>	viii
<i>Acknowledgements</i>	viii
Introduction	1
Who is this for?	1
How to use this booklet	1
Chapter one: Codes of conduct	2
What is a code of conduct?	2
Why do you need a code of conduct?	2
Case Study: Reviewing a charity's governance arrangements	3
How does a code of conduct fit in with other codes or standards?	3
The Nolan Principles – adapted for trustees	4
Charitable Companies	5
Chapter two: What should your code of conduct cover?	6
Chapter three: How do you introduce and develop a code of conduct?	8
When should you introduce a code of conduct?	8
Are there times when introducing a code of conduct might not help?	8
Who should lead on introducing a code?	9
How do you introduce it?	9
Are there any model codes you could use?	9
How do you customise a model code of conduct?	9
Do you need to include a breach mechanism?	10
Does a breach mechanism need to tie in with your governing document?	11
To sign or not to sign?	12
What is the impact of the code on your staff?	12
Case Study: Responsibilities of board and staff to each other	13
Chapter four: How do you use the code of conduct?	14
Recruitment of trustees	14
Case study: Recruiting new trustees for Tourettes Action	14
Induction of trustees	15
Review of board or trustee assessment	15
Governance review	16
When there is an issue with a trustee	16
Case Study: Dealing with trustee misconduct	18
Risk assessment and avoiding problems	18
Case Study: Addressing potential conflicts of interest	19

Dealing with emergencies	19
Case Study: Dealing with an IT emergency	20
Chapter five: How to use a code of conduct: Tools	21
Presenting the idea	21
Discussions	22
Review of an existing code of conduct	22
Bringing in an outside person, expert or consultant	23
Chapter six: What if it doesn't work?	24
Mediation	24
Contacting the Charity Commission	24
Resignation	25
<i>Appendix one: A simple model code of conduct</i>	26
<i>Appendix two: A detailed model code of conduct</i>	27
<i>Appendix three: Real life example: MedicAlert: Trustees' Code of Practice</i>	29
<i>Glossary</i>	31
<i>Useful sources of information</i>	32

Foreword by Julia Unwin

I am delighted to be asked to write the foreword to this guide. Trustee boards are at the heart of a thriving voluntary sector, and it is their commitment and engagement that drives the powerful, vibrant sector that is now such a vital part of the United Kingdom's civil society.

In my experience of working with and for boards of trustees, most boards work exceptionally well. They provide strategic direction at all times and support when it is needed. They are the stewards of all the assets of the charity, including its reputation and values, as well as providing the essential stretch that any charity needs to ensure that it is doing enough, and doing it well enough.

But in my experience too, boards of trustees can be inordinately self critical. They fear that they are not doing enough, or not doing it in the right way, and these are the first groups of trustee boards for whom the introduction of a code of conduct can be transformative. It provides a benchmark for behaviour, and enables those boards with confidence to certify that they are behaving properly.

Other groups of trustees who will find this helpful are those who come from other sectors. They will be very familiar with codes of conduct. People in the business world have been inundated with such codes, and indeed the public sector has produced its fair share. For these people who may be new to charity trusteeship, the production of a sensible, well founded code of conduct can provide assurance and understanding. And for the small minority of trustee boards where one or other member is behaving badly, or even where the whole board has reached a point of crisis, the introduction of a code of conduct, at the right time and done with care, can mark the turning point.

I hope that this new booklet will inform, challenge and support trustees in their vital role.

Julia Unwin
Director, Joseph Rowntree Foundation
www.jrf.org.uk

Foreword by Kevin Turmore

Charity trustees are drawn from all walks of life and typically devote much of their time, free of charge, to supporting the important aims, objectives and goals of their organisation.

However, many trustees remain unclear about what their role should involve and the scope of the obligations that may be connected with their position. It is a complex area that is governed by a host of rules and regulations. Some of these are enshrined in case law. Others are laid down and administered by organisations such as the Charity Commission. Against this background, this guide helps trustees understand what the role involves and offers practical guidance to support good governance.

Unity Trust Bank has been committed since its inception to supporting the social economy, so we were delighted to be asked to sponsor this important guide. We believe that this guide adds to the knowledge base of the sector and that it will prove to be a valuable source of information for those people who choose to devote their time to society in this way. We should like to take this opportunity to commend it to you and to applaud the work done by those for whom it is provided.

Kevin Turmore
Managing Director, Unity Trust Bank
www.unity.co.uk

Introduction

“Conduct is more convincing than language.”

John Woolman

A trustee board or management committee can be an interesting, stimulating, highly rewarding and, sometimes, fun place to be. There are occasions, however, when being a trustee can be deeply unsatisfying or stressful.

In CTN’s experience, key issues that can cause difficulties on a board include:

- Trustees being passive or uninvolved
- Trustees coming to meetings unprepared
- Trustees not attending meetings
- Trustees being too dominant
- An ineffective chair
- A difficult trustee
- A trustee or chair who does not want to leave the board
- A failure to manage conflicts of interest
- Difficult trustee–staff relationships

Trustees come to CTN with these and similar issues, and we have been exploring how they can be avoided or addressed. One method is to introduce a tool, such as a code of conduct for trustees, which can be used as a framework to begin to address such behaviours. Further, where boards have a trustee code already in place, there remains the challenge of how to implement or apply it where it is needed. The purpose of this publication is to share the experience of boards that have used codes of conduct to address some difficult issues. By sharing the experience of others, it is our hope that other boards will have the ideas, information and confidence to use a code of conduct effectively in their own organisations.

Who is this for?

This publication is for boards, trustees, management committee members, chairs, vice-chairs, chief executives, company secretaries, board support workers... In short, anyone who is a trustee or works with trustees, and who wants boards, and the trustees on them, to be as effective as possible, and to work well together.

How to use this booklet

This booklet can be read from cover to cover, or dipped in and out of, depending on what is needed. Some readers may only want to have a look at the example codes – others may be looking for some more detailed guidance.

Codes of conduct

What is a code of conduct?

A code of conduct is an agreed set of guidelines outlining the responsibilities of, or proper practices for, an individual or organisation.

Codes come in many different shapes and sizes, from short and simple to comprehensive, complex and legalistic. But the most important characteristic of a code must be that it is appropriate for the particular organisation that seeks to use it.

A code is not, in itself, a legal requirement. However, some of the contents of a code of conduct may include or describe legal requirements.

Why do you need a code of conduct?

“I wish we’d had a code of conduct on a number of occasions. It would have been good to have something that made it clear what is and is not appropriate.”

A chair

The purpose of a code of conduct is to provide a structure for the responsibilities and expectations of the trustees to help avoid or address problems. It is not about a lack of trust between or in the trustees of an organisation. A code of conduct provides trustees with an understanding of what is required of their role, enabling them to be transparent, open and accountable in what they do and how they do it. For the most part, a code will simply codify the good practice and behaviour already in existence.

Being a trustee of an organisation is a role that changes as the organisation grows or develops, and there can be a shift in what trustees need to do to fulfil their board responsibilities. So it is useful to have a tool which encourages trustees to think about what they do and how they do it.

On boards, there are often people with different approaches and styles, who come together infrequently and who are expected to know what to do and how to ensure that an organisation is well run. Problems can arise, and any trustee who has experienced an awkward or difficult situation on their board will understand how easily they can occur. A code of conduct is one way of trying to avoid these situations in the first place, and of providing a framework to resolve them quickly and painlessly should they arise.