



Duties of Trustees

3 August 2017
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Governance is...

- The systems and processes concerned with the:
- **Overall direction**: effectiveness, supervision and accountability of an organisation
- **Current climate**: culture & values, behaviours, transparency, disclosure, **reputation**, public trust & confidence, delegation, decision making, data protection and **fundraising**.



Legal Duties

Type of structure

- Unincorporated Association
- Charitable Trust
- Company limited by Guarantee
- Community Benefit Society
- Community Interest Company (CICs)

Governing Document

- Constitution or rules
- Trust deed, declaration of trust
- Articles of Association
- Rules
- Articles of Association

Legal Duties

Type of Structure

- Charitable Incorporated Organisation: has a separate legal personality and limited liability. Single regulator –the Commission

Governing Document

- Articles of Association
- A Foundation CIO (trustees are the only members)
- An Association CIO (has a wider membership)

Legal Duties

Company Law 2006: directors statutory duties

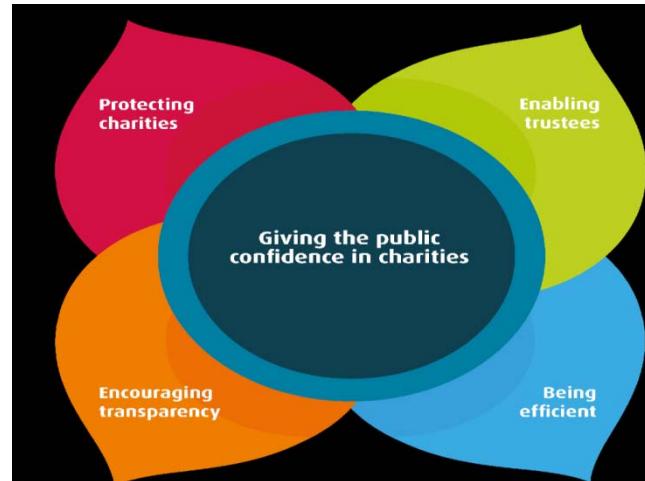
- General duty to act within their powers (s.171)
- Duty to promote the success of the company (s172)
- Duty to exercise independent judgement (s.173)
- Duty to exercise reasonable care, skill and diligence (s.174)
- Duty to avoid conflict of interest (s.175)
- Duty not to accept benefits from third parties (s.176)
- Duty to declare interests in proposed transactions (s.177)

Charity Law

- Charities Act 2011
- Charities (Protection and Social Investment) Act 2016
- Other: GDPR – General Data Protection Regulation (coming into force on 25 May 2018)

New:

- Powers (2016 Act) - being used
- Statement of Regulatory Approach
- Policy and Communications teams
- Operational Teams
- New Chief Executive
- Government, ministers, plans and priorities



The Essential Trustee

6 main duties



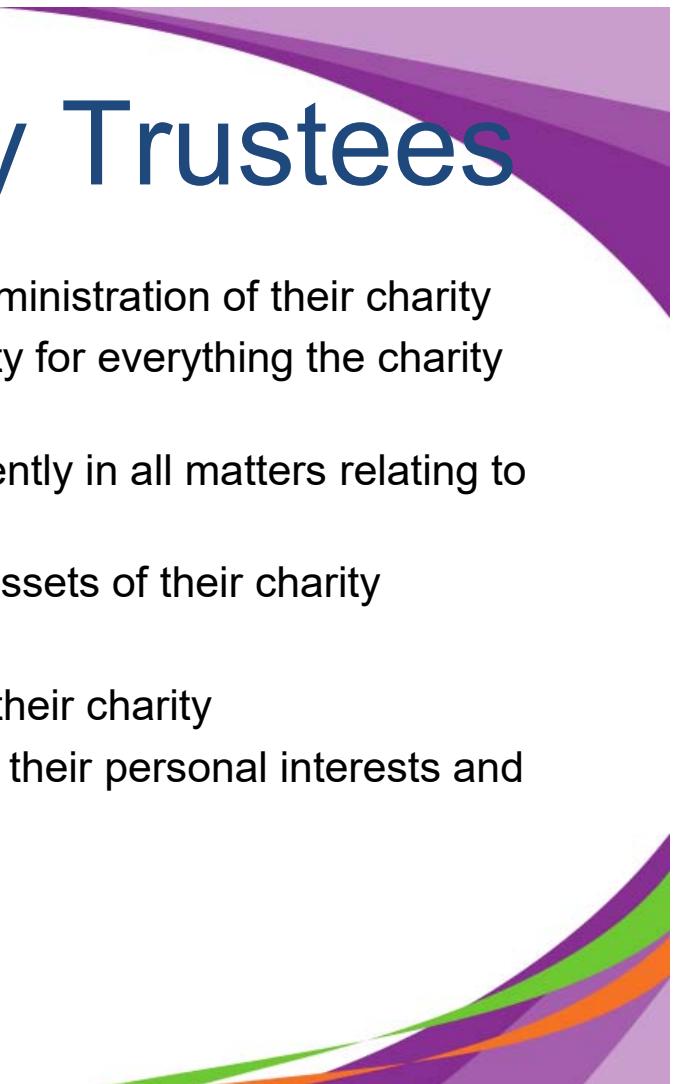
Duties of a Trustee

CC3 legal duties:

- **Compliance-** with relevant laws (eg Charities Act 2011/Companies Act 2006)
- **Duty of prudence-** care with finances
- **Duty of care-** in everyday matters

Duties of Charity Trustees

- Trustees are responsible for the proper administration of their charity
- Trustees must accept ultimate responsibility for everything the charity does
- Trustees have to act reasonably and prudently in all matters relating to their charity
- Trustees must safeguard and protect the assets of their charity
- Trustees have a duty to act collectively
- Trustees **must act** in the best interests of their charity
- Trustees **must avoid** any conflict between their personal interests and those of their charity.



Act with reasonable care and skill

It's about:

- Using your skills and experience
- Deciding when you need advice
- Preparing for meetings
- Getting the information you need (financial, management)
- Being prepared in case something does go wrong



Roles in practice

- Set and maintain vision, mission and values
- Develop strategy
- Establish and monitor policies
- Risk management
- Ensure compliance with the governing document
- Ensure accountability

Roles in practice

- Ensure compliance with the law
- Maintain proper financial oversight
- Select and Support chief executive (or ED)
- Set senior officer and CEO (ED) remuneration
- Respect the role of staff
- Maintain effective board performance
- Promote the organisation (an ambassadorial role)

Financial Management

- Safeguard assets
- Utilise assets for intended, charitable and contractual purposes
- Account for financial resources
- Comply with relevant statutory obligations
- Implement adequate, and good practice, policies, processes and procedures

Key Fundraising principles - 6 Principles trustees need to follow

- Plan effectively
- Supervise fundraisers
- Protect the charity's reputation, money and other assets
- Follow fundraising laws and regulation
- Follow recognised standards for fundraising
- Be open and accountable

www.charitygovernancecode.org



Charity Governance Code



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https://charitygovernance.org.uk

Charity Governance Code

English Cymraeg

Search

About the Code

Using this Code

History of the Code

Foundation: the trustee role and charity context

Principle 1: Organisational purpose

Principle 2: Leadership

Principle 3: Integrity

Principle 4: Decision-making, risk and control

Principle 5: Diversity

Principle 6: Board effectiveness

Principle 7: Openness and accountability

Download a pdf of the full Code

Useful resources

Using this Code

This Code is designed as a tool to support continuous improvement. Charity boards that are using this Code effectively will regularly revisit and reflect upon the Code's criteria, and they will apply the Code in line with their charity's size, activities and circumstances. [More text.](#)

Each principle in the Code has a brief description, a rationale (the reasons why it is important), key outcomes (what you would expect to see if the principle were adopted) and recommended practice (what a charity might do to implement the principle).

Apply or explain

We anticipate that how a charity uses the Code is something which will develop and mature. This is particularly so where the charity is growing and changing. [More text.](#)

The principles

7. OPENNESS AND ACCOUNTABILITY

1. ORGANISATIONAL PURPOSE 2. LEADERSHIP 3. INTEGRITY 4. DECISION-MAKING, RISK AND CONTROL 5. DIVERSITY 6. BOARD EFFECTIVENESS

FOUNDATION: THE TRUSTEE ROLE AND CHARITY CONTEXT

Example box text heading

- Foundation
- 7 principles
- Each principle:
 - What the principle is
 - Rationale
 - Key outcomes
 - Recommended practice to meet



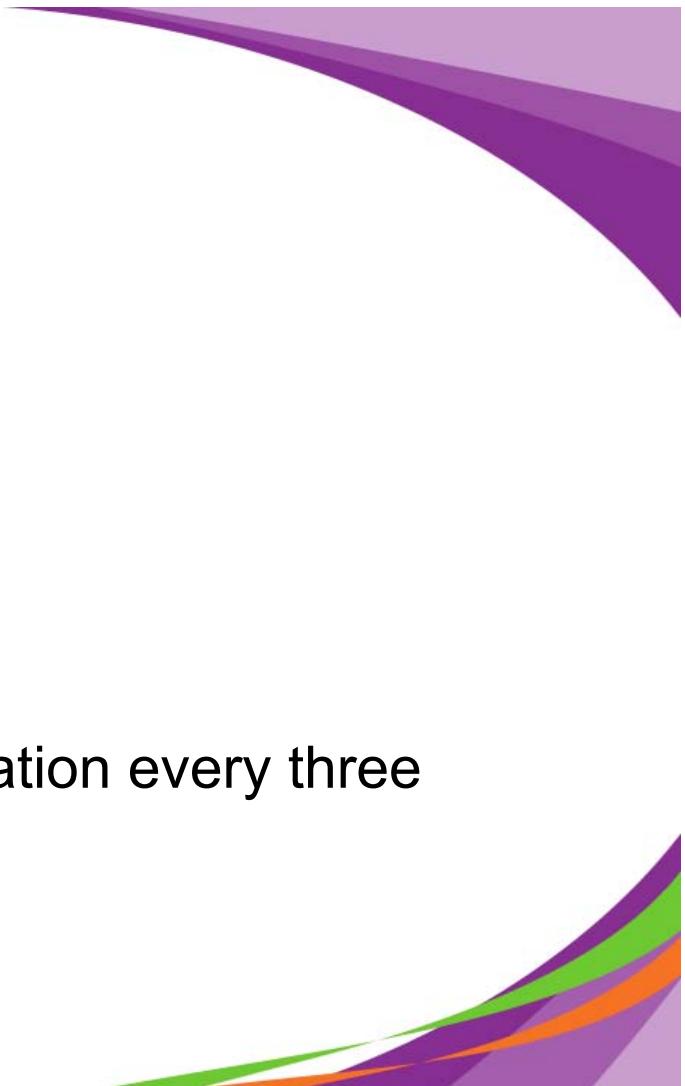
- Committed to the cause
- Recognise meeting public benefit is an on-going requirement
- Understand role and legal responsibilities
- Commit to good governance



The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

- Working as an effective team
 - Vice chair, or similar
 - Ability to work together as a team
 - Constructive challenge
 - Access to specialist in-house or external governance advice and support. Access independent professional advice, such as legal or financial

- Reviewing the board's composition
 - At least five, no more than 12
- Overseeing appointments
 - Formal, rigorous and transparent
 - Good reason if exceed nine years
 - Elected roles
- Developing the board
 - Appropriately resourced induction
 - Board annual review (external evaluation every three years) and explain in annual report



Charity Governance Code

- Increased expectation in relation to aspects of board composition, dynamics and behaviours with explicit good practice recommendations about board size, frequency of board performance reviews, and trustees' terms of office.
- A new emphasis on the chair's role in promoting good governance
- Emphasis on board diversity, supporting its leadership and decision-making with a recommendation that larger charities publish an annual statement of the steps they have taken to address the board's diversity.
- A presumption that charities should be open in their work, including a public register of trustees' interests, unless there is good reason not to.
- Recommending that charities use their annual report to say how they apply the code and an explanation of any aspects which they do differently.

Charity Governance Code

- Boards will use the code as a tool for continuous improvement, rather than simply as an aide to meet minimum standards
- Boards promote a culture of prudence with resources but also understand that being overcautious and risk averse is itself a risk
- Boards take account of the wider voluntary sector in making sure that their charity operates responsibly and ethically
- Boards regularly review the external environment and assess whether the charity is still relevant. The code recommends trustees consider partnership working, merger or dissolution if others are seen to be fulfilling similar purposes more effectively.
- If trustees are elected by the charity's members the charity should ensure the members play an informed role.

Developing your model: enhancing effectiveness; the board at its best
Developing Your Governance Approach...



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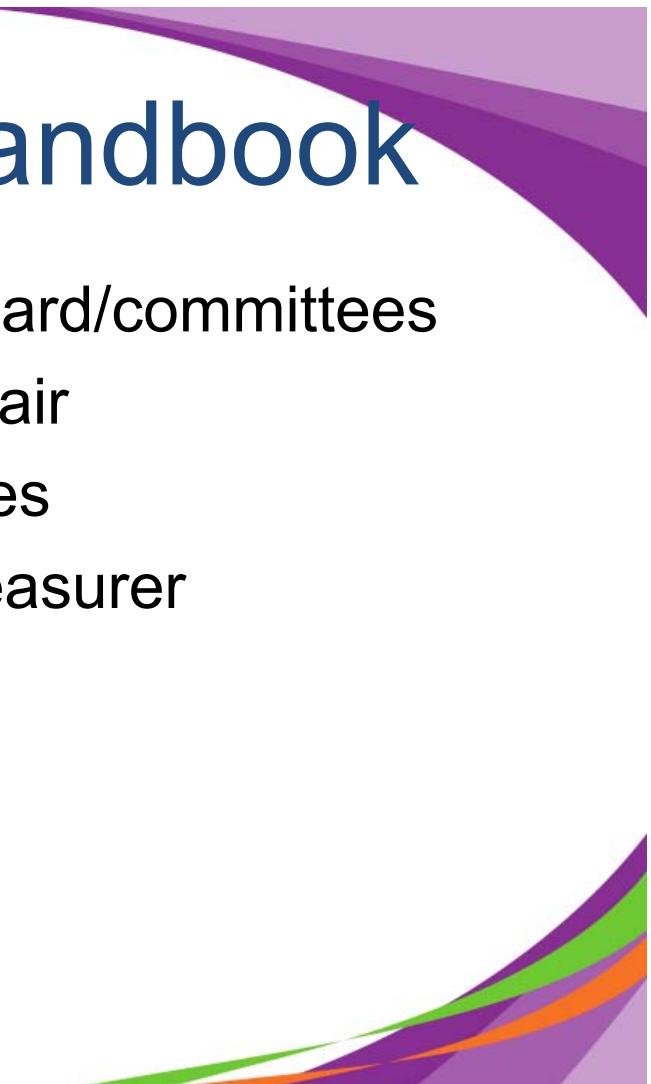
Trustee decision making

- **Act within powers**
 - Act in good faith, in the charity's interests
 - Ensure adequately informed, take advice if needed
 - Take account of all relevant factors
 - Ignore irrelevant factors
 - Deal with conflicts of interest
 - Within the range of decisions a reasonable trustee body could make in the circumstances



Governance Handbook

- Terms of reference for the board/committees
- Terms of reference for the chair
- Terms of reference for trustees
- Terms of reference for the treasurer
- Code of Conduct
- Terms of office (term limits)



Delegation: Ground rules

- Power to delegate
- Delegated authority preferably should be in writing
- Powers given-clarity as to extent of delegation including budget and term
- Reporting requirements
- Subject to regular review

Duties in Practice

The role and management of the Chief Executive (ED)

- The job description and person specification of the CEO (ED), the recruitment and selection process
- Training and personal development (*organisation structure, reporting lines/mentoring/coaching?*)
- The staff (and senior management/executive) team
- The CEO's (ED's) involvement at board meetings
- The CEO's (ED's) role in implementing the organisation's strategy
- The relationship with the board and the Chair

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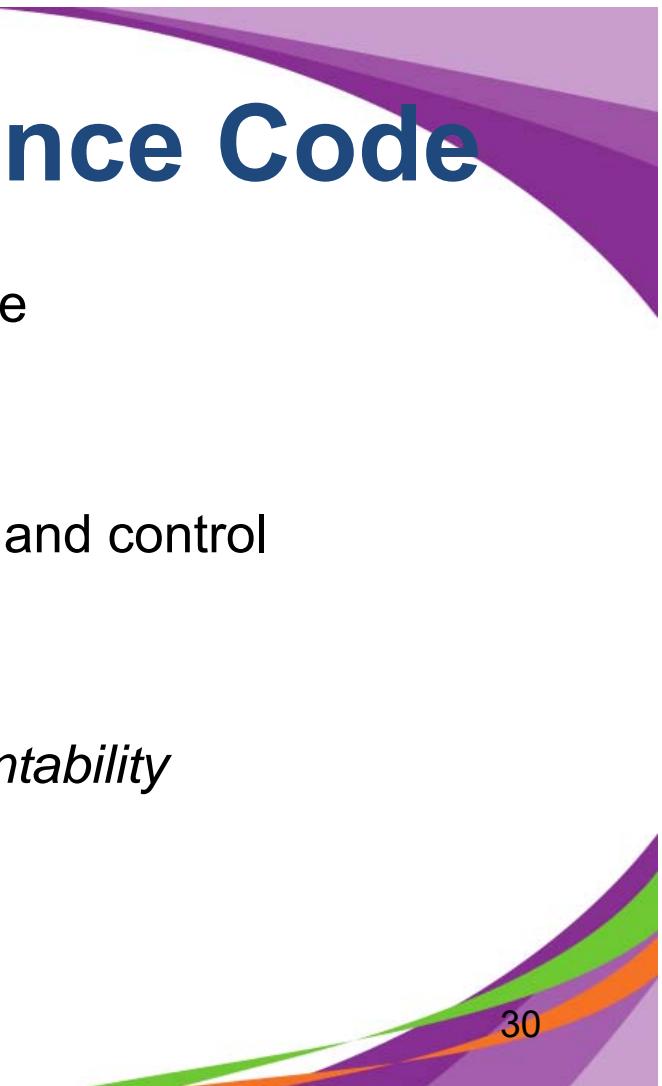
Duties in Practice

Beyond Strategic planning

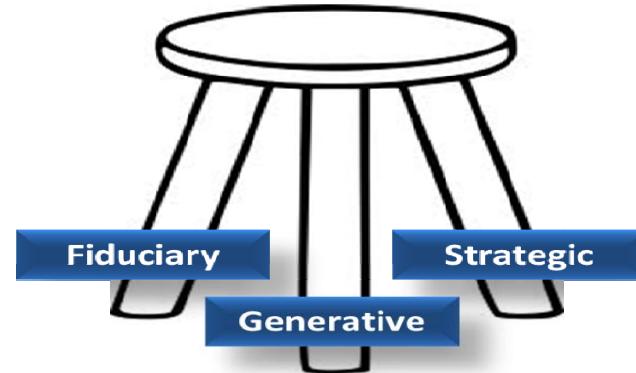
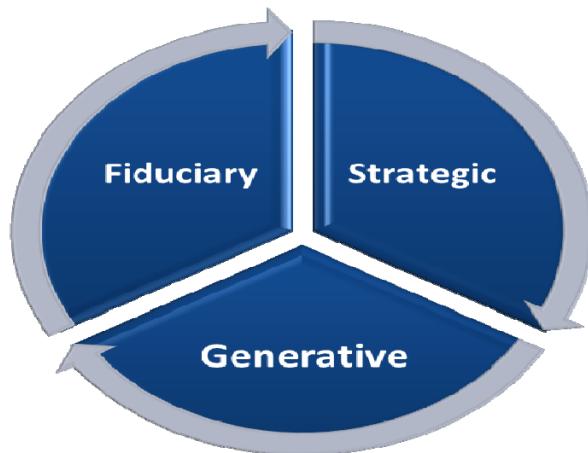
- Establishing a strategic thinking process
- Involving relevant stakeholders
- Your lens – external and internal focus
- Preparing a strategic plan with performance indicators
- (include or link with) business plan, budgets, fundraising
- Review performance against plan and impact(s)
- Evaluate it against your theory of change

Charity Governance Code

- **Principle 1:** Organisational Purpose
- **Principle 2:** Leadership
- **Principle 3:** Integrity
- **Principle 4:** Decision-making, risk and control
- **Principle 5:** *Board Effectiveness*
- **Principle 6:** *Diversity*
- **Principle 7:** *Openness and accountability*



GOVERNANCE AS LEADERSHIP



BOARDROOM LEADERSHIP: JULIA UNWIN'S "5S MODEL"

- Stewardship
- Strategy
- Support
- Stretch
- Scrutiny



THE 6CS OF BOARD BEHAVIOUR

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- Committed and engaged
- Challenging and independent
- Collaborative and constructive
- Clear sighted and considered
- Courageous
- Caring and compassionate

Resources

- CC3: *The Essential Trustee*
- *Charities fundraising: a guide to trustee duties (CC20)*
- *The Good Trustee Guide (NCVO)*
- *The Charity's Handbook (DSC)*
- *Governance as Leadership (Reframing the Work of Nonprofit Boards) Chait, Ryan and Taylor*
- *Managing Without Profit (Mike Hudson DSC)*
- *The practitioners Guide to Governance as leadership (Cathy Trower)*

Resources

- Duties of Charity Trustees (www.bwbllp.com)
- *Governing with Intent (WB/Onboard)*
- Wired to Govern; a trustee handbook for the digital revolution (WB/Onboard)
- A question of balance (A guide for Chair and Chief Executive relationship) Association of Chairs (www.associationofchairs.org.uk)
- Personal information and fundraising:consent, purpose and transparency (checklist)

Resources

- CC3: The Essential Trustee
- Charity Governance Code
(www.charitygovernancecode.org)

