

# Duties of a Trustee

Leesa Harwood

# Today's Agenda

## Roles and Responsibilities

- Legal & Regulatory
- Best practice

## How to be Effective

- Bringing your skill set to the Board
- Using your time effectively

## How to Stay Informed

## The Role of Trustees During a Crisis

- What did we learn during Covid-19?
- What did we learn from the 2015 Fundraising Crisis

## Question and Answer Session

# Today's Agenda

## Breaks

Comfort break

11:00am to 11:15am

Lunch

12:15pm to 1:15pm

Comfort break

2:15pm to 2:30pm

# Welcome and Introductions

Who are you?

Are you a Trustee?

If yes, why did you decide to become a Trustee?



# Purpose, Role & Responsibilities

Trustees have overall control of a charity and are responsible for making sure it's doing what it was set up to do. They may be known by other titles, such as:

- directors
- board members
- governors
- committee members

Whatever they are called, trustees are the people who lead the charity and decide how it is run. Being a trustee means making decisions that will impact on people's lives.

The Essential Trustee – What You Need to Know (CC3 – section 3)



# Purpose, Role & Responsibilities

Trustees have the overall legal responsibility for a charity. The law describes charity trustees as ‘the persons having the general control and management of the administration of a charity’

- You must be at least 16 years old to be a trustee of a charity that is a company or a charitable incorporated organisation (CIO), or at least 18 to be a trustee of any other sort of charity.
- You must be properly appointed following the procedures and any restrictions in the charity’s governing document.
- You must not act as a trustee if you are disqualified unless authorised to do so by a waiver from the Commission.

The Essential Trustee – What You Need to Know (CC3 – section 3)



# Purpose, Role & Responsibilities

## Charity Commission for England & Wales

**Comply** with your charity's governing document and the law (CC3 Section 5)

Act in your charity's **best interests** (CC3 Section 6)

**Manage** your charity's **resources** responsibly (CC3 Section 7)

Act with reasonable **care and skill** (CC3 Section 8)

Ensure your charity is **accountable** (CC3 Section 9)

The Essential Trustee – What You Need to Know (CC3)



# Purpose, Role & Responsibilities

## Charity Commission for England & Wales – Top 10

The Essential Trustee CC3

Charity Trustee – What's Involved CC3a

Internal Financial Controls CC8

Trustee Expenses Policy CC11

Managing a Charity's Finances CC12

Fundraising - A Guide to Trustee Duties CC20 (Charity Commission)

Charities and Risk Management CC26

It's Your Decision – Charity Trustees and Decision Making CC27

Conflicts of Interest – A Guide for Charity Trustees CC29

Finding New Trustees CC30

[List of Charity Commission 'CC' guidance publications - GOV.UK \(www.gov.uk\)](http://www.gov.uk)





# Purpose, Role & Responsibilities

## OSCR

Act in the **interests of the charity**

**Update** your charity's details

**Report** to OSCR

**Financial** record keeping and reporting (Section 44 of 2005 Act)

**Fundraising**, taking control of how the charity fundraises

Providing **information to the public**



# Purpose, Role & Responsibilities

OSCR – Top 10

## **Being a Charity in Scotland**

<https://www.oscr.org.uk/guidance-and-forms/being-a-charity-in-scotland/>

## **Cross-Border Charity Regulation in Scotland**

<https://www.oscr.org.uk/guidance-and-forms/cross-border-charity-regulation-in-scotland/>

## **Guidance and Good Practice for Charity Trustees**

<https://www.oscr.org.uk/guidance-and-forms/guidance-and-good-practice-for-charity-trustees/>

## **Who's In Charge? Control & Independence in Scottish Charities**

<https://www.oscr.org.uk/media/1396/whos-in-charge-guidance.pdf>

## **Taking Steps to Successful Trustee Recruitment**

<https://www.oscr.org.uk/media/2233/2015-11-13-trustee-recruitment-leaflet-final-layouts-for-publication.pdf>

## **Banking for Charities**

<https://www.oscr.org.uk/guidance-and-forms/banking-for-charities/>

## **Charities & The Equality Act**

<https://www.oscr.org.uk/media/1395/2014-12-02-charities-and-the-equality-act-2010.pdf>

## **Protecting Charitable Status Checklist**

<https://www.oscr.org.uk/media/1586/checklist-for-charity-trustees-protecting-charitable-status.pdf>

## **Fraud. How to Reduce Risks in Your Charity**

<https://www.oscr.org.uk/guidance-and-forms/fraud-how-to-reduce-the-risks-in-your-charity/>

## **Fundraising Guidance for Charity Trustees**

<https://www.oscr.org.uk/guidance-and-forms/fundraising-guidance/fundraising-guidance-for-charity-trustees/>

# Purpose, Role & Responsibilities

## Charity Commission of Northern Ireland



### Duties and responsibilities of charity trustees

Sets out who can be a charity trustee, the relevant legal obligations and the duty to act in the best interests of the charity.



### Finance, funding, reporting, accountability

Sets out key duties relating to the register of charities, financial record keeping and reporting, fundraising, serious incident reporting and dealing with a merger or closure.



### Operating the charity for the public benefit

Information on operating the charity for the public benefit including access to facilities, membership, charging, addressing any risk of harm, and equality considerations.



### Good governance

Sets out important considerations when running a charity including the Code of Good Governance, conflicts of interest, charity trustee remuneration and expenses, safeguarding and political activity.



### Risk and insurance

Sets out the types of risk that a charity may face, the responsibilities of charity trustees in managing risk, details of types of insurance that may be relevant.



# Purpose, Role & Responsibilities

CC NI – Top 10

## **Running Your Charity Guidance CCNI EG024**

<https://www.charitycommissionni.org.uk/media/1150/20190524-running-your-charity-guidance-v60.pdf>

## **Monitoring and compliance guidance - getting it right (1) CCNI EG042**

<https://www.charitycommissionni.org.uk/media/1150/20190524-running-your-charity-guidance-v60.pdf>

## **Charity Reporting and Accounting – The Essentials**

<https://www.charitycommissionni.org.uk/manage-your-charity/annual-reporting/>

## **Lessons Learned – Focus on Charity Trustees**

<https://www.charitycommissionni.org.uk/media/1279/20141118-thematic-report-5-lessons-learned-focus-on-charity-trustees.pdf>

## **Key Lessons in Charity Governance**

<https://www.charitycommissionni.org.uk/media/1156/20140915-key-lessons-in-charity-governance.pdf>

## **Serious Incident Reporting – A Guide for Charity Trustees**

<https://www.charitycommissionni.org.uk/concerns-and-decisions/serious-incident-reporting-a-guide-for-charity-trustees/>

## **Equality Guidance for Charities in Northern Ireland**

<https://www.charitycommissionni.org.uk/charity-essentials/equality-guidance-for-charities/>

## **Developing a Reserves Policy**

<https://www.charitycommissionni.org.uk/manage-your-charity/developing-a-reserves-policy/>

## **Religious Designation**

<https://www.charitycommissionni.org.uk/manage-your-charity/religious-designation/>

## **The Charities Act, Northern Ireland**

<https://www.charitycommissionni.org.uk/about-us/charity-legislation/>



# Purpose, Role & Responsibilities

## Summary

Ensure that your charity complies with its governing document, charity law and other legislation, including reporting.

Ensure that the charity operates within its charitable objectives

Make sure that the charity only spends money and uses resources for activities that contribute to its objectives – and not on things that do not, no matter how worthwhile they are.

Contribute to the strategic guidance and goals of the charity, help to set policies, monitor and evaluate progress against strategic objectives

Safeguard the values and reputation of the charity

Ensure the financial stability and sustainability of the charity.



# Purpose, Role & Responsibilities

## Break Out Session

In your organisation what are the strengths and which areas need improvement in terms of the way the Trustees deliver their responsibilities?

The Essential Trustee – What You Need to Know (CC3)



# Purpose, Role, Responsibilities

“The Charity Commission expects trustees to take their responsibilities seriously. The Commission recognises that most trustees are volunteers who sometimes make honest mistakes. Trustees are not expected to be perfect - they are expected to do their best to comply with their duties. Charity law generally protects trustees who have acted honestly and reasonably.”

The Essential Trustee – What You Need to Know (CC3)

# BREAK TIME





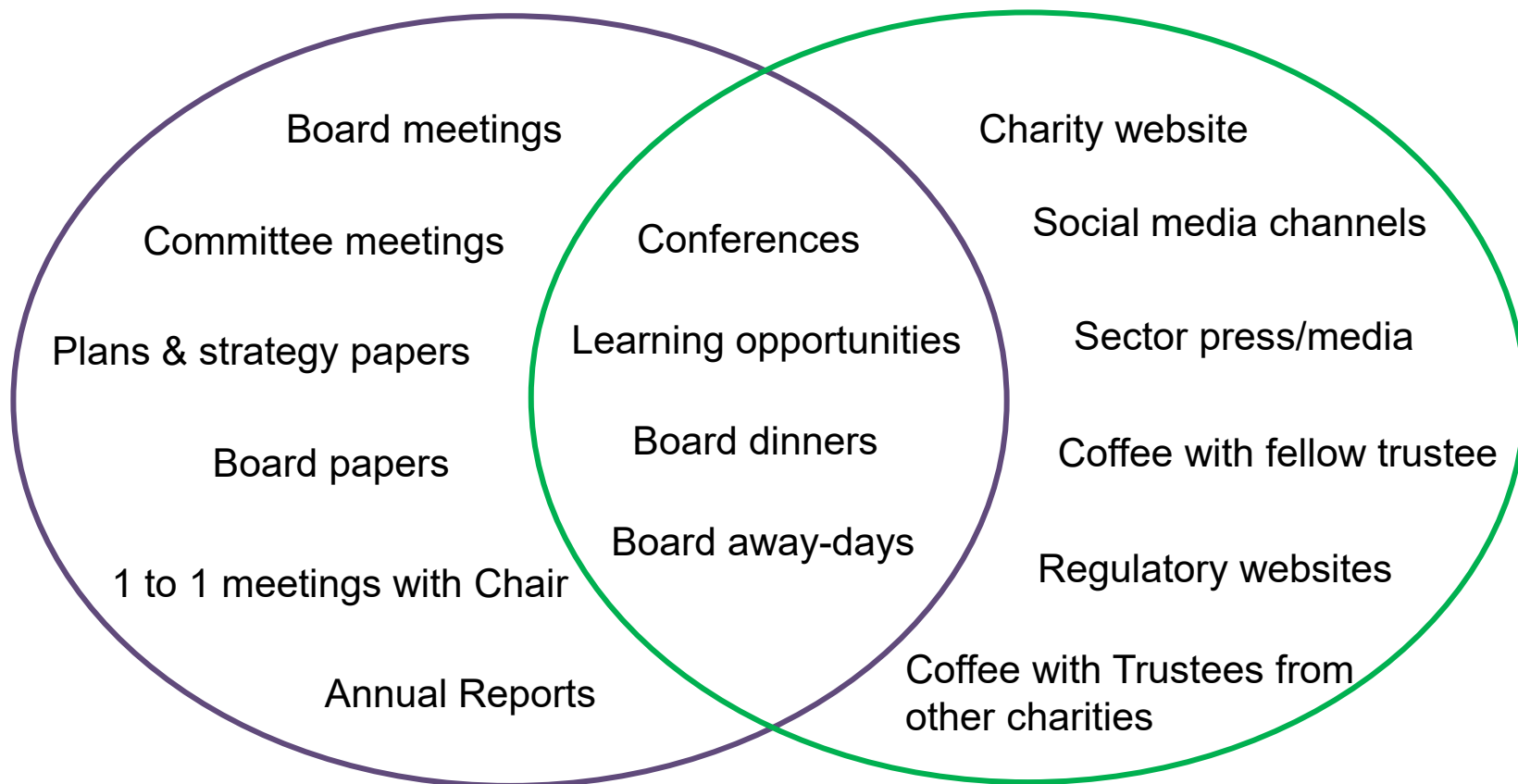
# How to Stay Informed



# How to Stay Informed

Formal (Re-active)

Informal (Proactive)



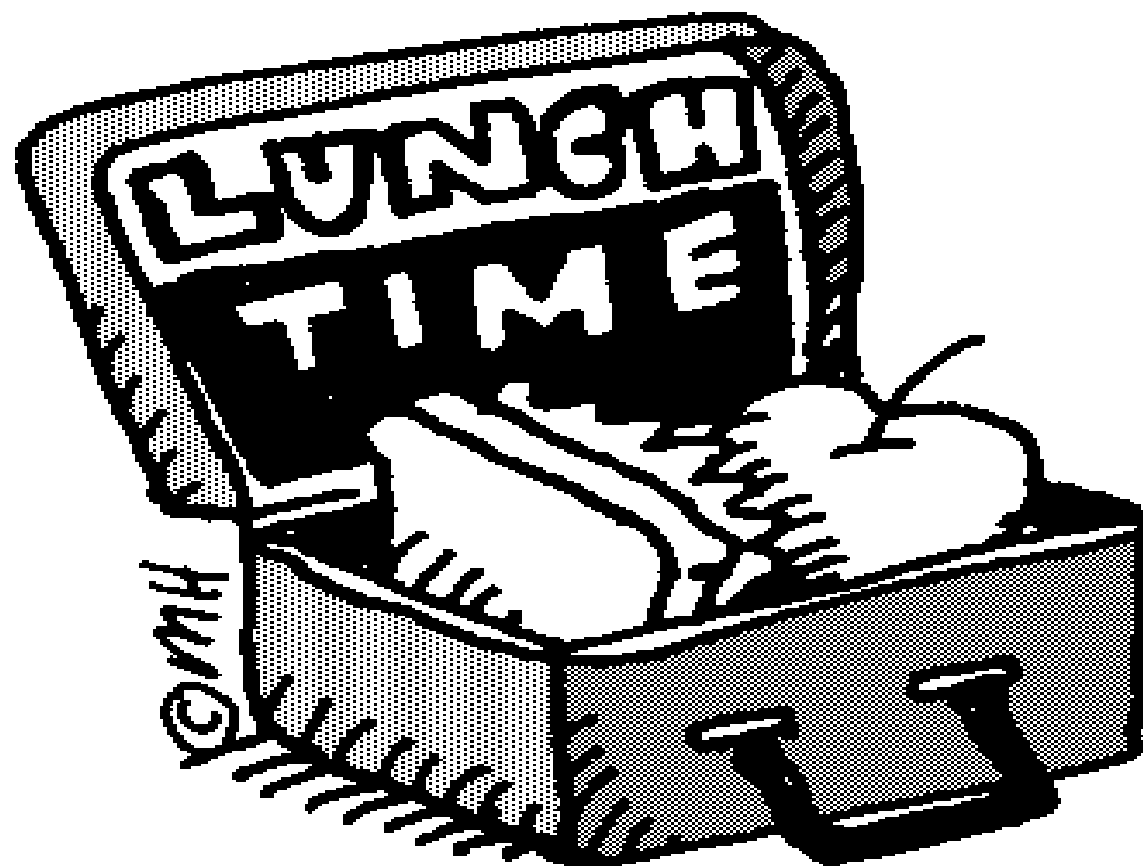


# How to Stay Informed

## Break Out Session

What do you currently do to stay informed?

What percentage of this is reactive and what percentage is proactive?





# How to be an effective Trustee

**Being a Trustee is more than compliance. Compliance is a given:**

*“It should be a ‘given’ that all trustees understand their legal duties (as explained in *The Essential Trustee*) and are committed to their cause and good governance.*

*“Key drivers of trust and confidence can help to demonstrate to beneficiaries, funders and donors that a charity is trust-worthy.”*

**Sarah Atkinson, Director of Policy, Planning and Communications,  
The Charity Commission.**



# How to be an effective Trustee

*“Inept volunteer trustees are driving chief executives like me out of the sector, exhausted by the power struggles, competing agendas and amateurism”*

Anonymous Charity CEO  
Confessions of a charity professional, The Guardian.  
February 2017

*Nothing was good enough for the trustees, even though many of them could not read a balance sheet, did not contribute to the strategic direction of the charity and, most worryingly of all, did not have any real interest in the work of the charity.*

Anonymous Charity CEO  
Follow up comment from Confessions of a charity professional, The Guardian.  
March 2017

*“Despite my previous attempts to up-skill the board by identifying training, they have not attended anything. They acknowledge that they know very little about the development and running of an organisation but do little in between trustee meetings to change this.”*

Anonymous Charity CEO  
Follow up comment from Confessions of a charity professional, The Guardian.  
March 2017

# How to be an effective Trustee

*“Staff work hard at ensuring that trustees are given sufficient information to help build trust so that trustees can confidently operate at the strategic level that we need them to. My management team and I meet with trustees four times a year and there is a real sense of working together as a team. Having said that, we always allow time at every meeting for me to meet with trustees without other staff present and trustees always have time together without any staff present.”*

Sandra Berry, CEO of Woodbrooke Quaker Study Centre

Follow up comment from Confessions of a charity professional, The Guardian.

February 2017

*“We want to hand the charity on to those who can develop it for the future and really care about the task at hand.*

*We are not perfect but have a strong will to do the right thing and so we strive to do our best to meet our obligations. I think this is what really makes a difference. Some aspects of running a charity are quite simple but they need solid application.”*

Elizabeth Grant, Trustee

Follow up comment from Confessions of a charity professional, The Guardian.

March 2017



# How to be an effective Trustee

## The Charity Governance Code

All Trustees understand their legal duties as explained in The Essential Trustee and are committed to their cause and good governance.





# How to be an effective Trustee

## The Charity Governance Code

All Trustees understand their legal duties as explained in The Essential Trustee and are committed to their cause and good governance.

### Behaviours





# How to be an effective Trustee

## Break Out Session

When you leave your Trustee role, what do you want your fellow Trustees and charity leaders to say about the impact you had or the way you worked?

# How to be an effective Trustee

**Build relationships between meetings** – it's tempting to see your role in the limited context of the board meeting, but being a trustee is much more than that. Ask the senior managers if and how you could add value, by imparting knowledge, making introductions or thanking staff, volunteers or donors.

**Stay informed** – don't just read your Board papers. Proactively strive to better understand the charity sector and stay up to date on developments affecting the specific cause of your charity. If you're not sure where to look, ask the senior managers for guidance.

**Don't meddle** – understand the difference between executive and non-executive responsibility and don't cross the line. By getting too involved in the operational or tactical detail you will disenfranchise the executive and senior managers.

**Be objective** – as you get to know your fellow trustees and senior managers you might start to normalise the status quo, accepting existing ways of thinking and working. It is important to maintain objectivity throughout your tenure so that you can identify issues and areas of concern or celebration that people more embedded in the organisation might miss.

**Be constructive** – as a trustee it is your responsibility to challenge thinking and assumptions. But do so in a constructive way. Think about how your approach and style and the impact you have on the executive and senior managers at board meetings. Do you criticise and deflate, or coach and support? Your job is to get the very best out of people, so think carefully about the environment you create.

# BREAK TIME





# The role of Trustees during a crisis

WHEN THINGS  
GO WRONG...  
DON'T GO  
WITH THEM

# The role of Trustees during a crisis

## Fundraising crisis 2015



## Covid-19 Crisis 2020



# The role of Trustees during a crisis

## Fundraising crisis 2015



Spring 2015 the death of Olive Cooke sparked a fundraising scandal that led to relentlessly negative press coverage, The Etherington Report, the creation of The Fundraising Regulator, The Fundraising Preference Service, revisions to The Charity Act 2011 and guidance from the Charity Commission about the responsibility of Trustees for Fundraising.

The Parliamentary Public Administration and Constitutional Affairs Committee accused the Charity Commission of being 'asleep at the wheel'.

During the hearing, 3 Trustees fell short of demonstrating that they had adequately deployed their fundraising responsibilities.



# The role of Trustees during a crisis

## Fundraising crisis 2015



- Accountability for Fundraising should appear in all Trustee Job Descriptions
- Trustees must actively take accountability for fundraising ethics, activities and agencies.
- Trustees must make sure that their charities comply with the law.
- Trustees will be called to account when failings occur.
- Ignorance is no defence



# The role of Trustees during a crisis

## Fundraising crisis 2015



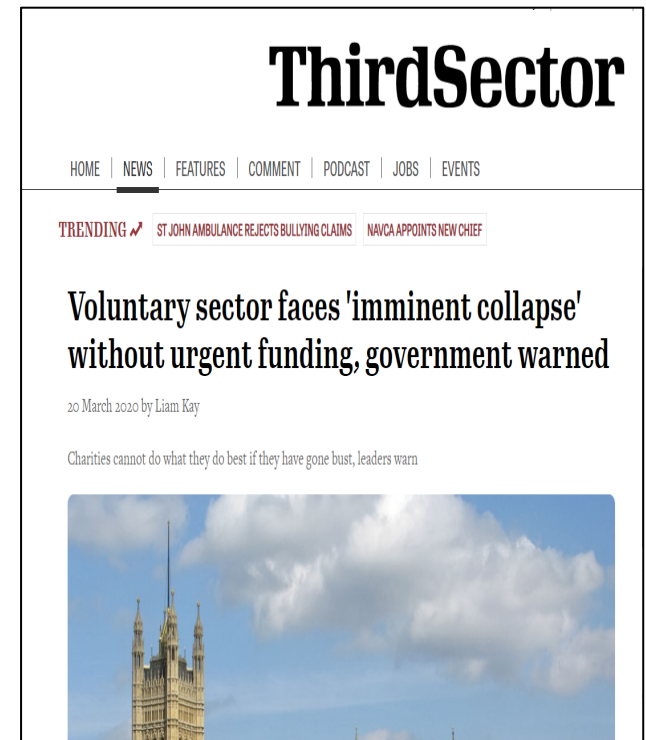
*“You’re answering a process question. I’m asking a deeper question. It’s about moral vigilance.”*

*Bernard Jenkin, Chair, Public Administration and Constitutional Affairs Committee.*

# The role of Trustees during a crisis

- Unprecedented global crisis affecting most charity income streams, decimating some overnight.
- Staff furloughed, charities running on skeleton staff.
- Income stalled, demand increased.
- Sustained pressure on leaders and staff in terms of capacity, pace and agility.
- Mitigation limited by high fixed costs and over-reliance on one or two income sources.
- Burnout later in the crisis as staff struggled to maintain pace and wellbeing

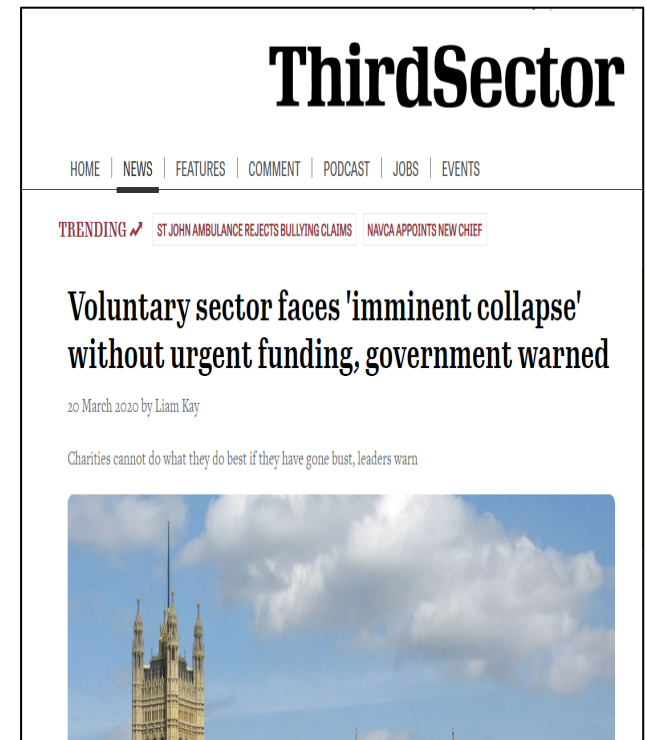
## Covid-19 Crisis 2020



# The role of Trustees during a crisis

- Many Trustees were busy managing their own personal/professional crisis
- When do Trustees cross the executive line and get involved in crisis management?
- Inadequate visibility and management of risk at Board level exposed
- Relationships between Boards and Executive Teams tested
- Effective communication between Boards and Executive Teams critical
- No blueprint at a senior level for crisis management in many charities

## Covid-19 Crisis 2020





# The role of Trustees during a crisis

## Learnings

- However busy, Trustees are accountable for their charity's actions during a crisis
- One size does not fit all during a crisis
- Increase constructive contact, communication with your CEO and Executive Team – offer support
- Agree changes to reporting (frequency and measures) as soon as a crisis hits
- Maintain a dynamic risk register, regularly run table-top exercises for risks and scenarios
- Review Board performance and take feedback after a crisis to drive board improvement



Any  
Questions?

# Governing Documents

Your charity's governing document is a legal document. It works as a rulebook, setting out:

- its charitable purposes ('objects')
- what it can do to carry out its purposes ('powers'), such as borrowing money
- who runs it ('trustees') and who can be a member
- how meetings will be held and trustees appointed
- any rules about paying trustees, investments and holding land
- whether the trustees can change the governing document, including its charitable objects ('amendment provisions')
- how to close the charity ('dissolution provisions')

<https://www.gov.uk/government/publications/setting-up-a-charity-model-governing-documents>

<https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>

# Governing Documents

As a trustee, you must have a copy of your charity's governing document. Refer to it regularly because it tells you how to run your charity. For example:

- how many trustees are needed to make decisions, how to recruit them and how to run trustee meetings
- how to look after your charity's money, land, property or investments and keep accounts
- how to resolve internal disputes

<https://www.gov.uk/government/publications/setting-up-a-charity-model-governing-documents>

<https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>



**Thank  
You!!!**