

Contents

Foreword
Introduction

viii
ix

Part one:

The essentials

1	Introducing the role	2
1.1	What is trusteeship?	2
1.2	Who are trustees (and who aren't)?	4
1.3	How do I become a trustee?	5
1.4	Who can and can't be a trustee?	8
1.5	What do trustees do?	11
2	Legal structures and charitable status	14
2.1	Introduction	14
2.2	Charitable status	15
	What is a charity?	15
	Registering as a charity	16
	Advantages and disadvantages of charitable status	16
	The Charities Act 2006	17
	Charitable status - political activities	17
	Charitable status - trading	19
	Stating charity and company status on documents	20
2.3	Legal structures	21
	Trust	22
	Unincorporated association	23
	Company Limited by Guarantee	24
	Industrial and Provident Society (IPS)	26
	Drawing up a governing document	26
	Amending a governing document	27
	Incorporation	28
2.4	Branches and subsidiaries	28
	Branches	28
	Subsidiaries	30

3 Duties and responsibilities of trustees

3.1	Introduction	31
3.2	Duty to comply with the governing document	32
3.3	Duty of care	33
3.4	Duty to comply with the law	33
3.5	Duty to protect the charity's property	34
3.6	Duty to act in the interests of beneficiaries and avoid conflicts of interest	35
	Situations where a conflict of interest may occur	35
	Dealing with conflicts of interest	35
3.7	Duty to act collectively	37
3.8	Duty not to financially benefit unless authorised	37
	Restrictions on payments to trustees	37
	Expenses	38
	Payments – issues to consider	38
3.9	Trustee liability	40
	What are the personal liabilities of trustees?	40
	Issues affecting liability	40
	Steps to limit personal liability	40
	A Code of conduct for trustees	43

4. Board and committee structures

4.1	Who's who in the boardroom	48
	Board meetings	49
	On the board	49
	Model role descriptions for trustees	51
4.2	Delegation	56
	Sub-committees	56
	Staff and volunteers	59

Part two: Good governance

5. What is governance?	63				
6. Strategic planning	67				
6.1 Objects and mission	68				
6.2 What is strategic planning?	68				
6.3 The strategic plan	69				
6.4 The board's role in strategic planning	70				
7. Resources	72				
7.1 Financial responsibilities of trustees	72				
Introduction	72				
Accounting records	75				
Budgeting	75				
Cashflow	78				
Financial controls	78				
Annual reporting and accounting	79				
Investments	89				
Reserves	93				
Insolvency and wrongful trading	94				
Taxation and rating	95				
Internal audit	96				
7.2 Property and intellectual property	97				
Responsibilities for property	97				
Intellectual property and brands	99				
7.3 Fundraising	99				
Introduction	99				
Trustees' responsibilities for fundraising	100				
Fundraising budgets	100				
Fundraising from members of the public	101				
Employing professional fundraisers	101				
Fundraising from private businesses	102				
Tax-effective giving	103				
			Loan finance	103	
			Trading	104	
			Fundraising and the SORP	105	
			Fundraising standards, codes and self-regulation	105	
		7.4	Public service delivery and contracting	106	
			Public service delivery	106	
			Contracting	108	
		8. Policy		112	
		8.1	Introduction	112	
		8.2	Policies governing the organisation	114	
		8.3	Policies governing the board	114	
		8.4	Creating policy	115	
		9. Risk and safety		117	
		9.1	Risk management	117	
			What is risk?	118	
			Step-by-step guide to managing risk	119	
			The board's role	122	
		9.2	Insurance	122	
			Insurance – trustees' responsibilities	123	
			Types of insurance	123	
		9.3	Health and safety	126	
		10. Data and ICT		128	
		10.1	Information and communications technology	128	
			ICT – trustees' responsibilities	128	
			What questions should trustees be asking about ICT?	129	
			The life of a typical ICT project	131	
			A glossary of commonly used ICT terms	131	
		10.2	Data protection	132	
		11. Staff and volunteers		134	
		11.1	Employment responsibilities	134	
			Overview of trustees' employment responsibilities	134	
			Employment policies and procedures	136	
			The chief executive	137	
			Dealing with conflict	137	
		11.2	Volunteers	138	
			What are the hallmarks of good volunteer management?	138	
			Volunteer management practice	139	
			Keeping it legal	139	
		11.3	Relations with staff and volunteers	141	
			Clarifying the roles of the board and staff/volunteers	141	
			Relationships between the trustee board and the chief executive	142	
			Relations with staff and volunteers in small organisations	145	
			Issues to consider	147	

12. Equalities	148	16. Handling change and conflict	173	Part three: Developing the board	
12.1 Equality and diversity	148	16.1 Managing change	173	17. What makes a good trustee and an effective board?	182
What is the board's role in upholding equality and diversity?	149	Reasons for change	174	17.1 What makes an effective trustee?	184
Equality and diversity – legal responsibilities	149	Types of change	174	17.2 What skills and competencies do trustees need?	185
Equality, diversity and the board's role	150	Key principles for managing change	174	17.3 What are the collective skills and competencies needed by a board?	186
12.2 Involving users	150	16.2 Handling conflict	176	17.4 How can our board identify its skills needs?	187
Why involve your users?	151	When things go wrong	176	18. Learning and development	190
Principles for involving users	151	Conflict on the board	176	19. Building the board	194
Steps to user involvement	152	Conflict between board and staff	178	19.1 Introduction	194
Examples of user involvement	152	Disagreements between trustees	178	19.2 Preparing the ground	195
User involvement – issues to consider	154	Dealing with internal conflict: hints and tips	179	19.3 Who are you looking for?	196
13. Making a difference	155	Conflicts in membership organisations	179	19.4 Creating an inclusive and diverse trustee board	196
13.1 Introduction	155	Dealing with external conflict	180	19.5 Preparing the vacancy	199
13.2 How boards should monitor and evaluate	158	Preventing conflict	180	19.6 How do you attract new trustees?	199
13.3 An improvement culture	161	Conflict and the role of the Charity Commission	180	19.7 Selection and appointment of trustees	201
The role of monitoring and evaluation	161	Further information	180	19.8 Board recruitment case studies	202
Benchmarking	161			19.9 Recruiting to specific roles (chair, treasurer etc.)	205
Quality	162			19.10 Planning the next recruitment campaign	205
13.4 Reporting your impact	164			19.11 Succession planning	206
What is impact reporting?	164				
Five steps to successful impact reporting	165				
14. Accountability	166				
14.1 To whom are the trustees of a charity accountable?	167				
14.2 Accountability in practice	167				
15. Collaborative working	170				
15.1 Introduction	171				
15.2 Types of partnership	171				

20. Induction	208
20.1 Induction – getting it right from the start	208
20.2 Planning the induction programme	209
20.3 Induction activities	210
20.4 Checklist for new trustees	216
21. Effective meetings and decision-making	217
21.1 Introduction	217
21.2 Board meeting basics	218
21.3 Running a board meeting	219
21.4 Improving board meetings	221
21.5 Other meetings	223
21.6 Effective governance structures	224
21.7 Board size	224
21.8 Board composition	225
21.9 Board relationships	226
21.10 Some models of board size and composition	227

Part four: Improving governance

22. Carrying out a governance review	230
22.1 Introduction	230
22.2 Reviewing your governance – getting started	231
22.3 Governance reviews – meeting your needs	235
22.4 Organising the process and accessing support	235
22.5 Gathering information	236
22.6 Example governance review exercises	239
23. Trustee review or appraisal	242
23.1 Introduction	242
23.2 Ideas for carrying out individual trustee reviews	243
23.3 Individual trustee review exercises	244

Part five: Further information and support

24 Resources	248
25 Useful organisations	255
26 Glossary	261