



THE FAVERSHAM SOCIETY

FOUNDED 1962

FLEUR DE LIS HERITAGE CENTRE

ESTABLISHED 1977

Guidance notes for Trustees

These notes are designed to assist anyone considering joining the Faversham Society Board of Trustees.

The Board expects all Trustees to take a full and active part in the Society's activities and to undertake a Trustee training session within their first year of office.

Trustees will also be expected to adhere to a Code of Conduct.

The Faversham Society is a charitable company limited by guarantee, and Trustees are also Directors who have duties under both company law (The Companies Act 2006) and charity law.

SECTION 1: RESPONSIBILITIES OF TRUSTEES OF THE FAVERSHAM SOCIETY

Board Responsibilities

Trustees act collectively to govern the Society.
There are twelve essential board responsibilities:-

1. Determine the Society's mission and vision
2. Engage in strategic planning
3. Formulate needed policies
4. Approve and monitor the Society's programmes and services
5. Ensure adequate financial resources
6. Provide fiscal oversight and ensure sound risk management
7. Enhance the Society's public image
8. Induct new board members
9. Carry out board business efficiently
10. Select and support any paid member of staff and review their performance
11. Act as a responsible employer
12. Understand and respect the relationship between board and staff

Duties of a Trustee

- To ensure that the Society complies with its governing document
- To ensure that the Society pursues its objectives as defined in its governing document
- To ensure that the Society applies its resources exclusively in pursuance of its objectives
- To contribute actively to the board's role in giving firm strategic direction to the Society
- To safeguard the good name and values of the Society
- To ensure effective and efficient administration of the Society
- To ensure financial stability of the Society
- To protect and manage the property of the Society and ensure proper investment of the Society's funds
- To appoint any paid member of staff and monitor their performance
- To use any specific skills, knowledge and experience they might have

Duties of a Chair

- Planning the annual cycle of board meetings
- Setting the agenda for board meetings
- Chairing and facilitating board meetings
- Giving direction to board policy making
- Monitoring that decisions taken are implemented
- Representing the Society at functions and meetings and acting as a spokesperson
- Sitting on appointment and disciplinary panels
- Facilitating change and addressing conflict
- Leading the process of appraising the performance of paid staff (if applicable)
- Keeping an overview of the Society's affairs
- Assisting in the development of the board of Trustees

Duties of a Treasurer

- Overseeing, approving and presenting budgets, accounts and statements
- Ensuring that the Society can meet its present and future financial needs
- Ensuring that the Society has an appropriate reserves policy
- Ensuring that appropriate accounting procedures and controls are In place
- Liaising with volunteers about financial matters
- Advising on the financial implications of the Society's strategic plans
- Ensuring that the Society has an appropriate investment policy
- Monitoring the Society's investment activity
- Ensuring the Society's compliance with legislation
- Ensuring that equipment and assets are adequately maintained and insured
- Preparing accounts for funders, statutory bodies and auditors
- Contributing to the fundraising strategy if requested
- Sitting on appraisal, disciplinary and recruitment panels if required

Duties of a Secretary

- Preparing and circulating agendas
- Making arrangements for board meetings
- Receiving agenda items
- Checking that a quorum is present
- Minuting meetings and circulating draft minutes
- Obtaining the Chair's signature on minutes
- Checking agreed action has been carried out
- Sitting on appraisal, disciplinary and recruitment panels if required

Duties of a Director of a Private Sector Company

The Faversham Society is a charitable company limited by guarantee. Trustees of charitable companies are subject to the statutory duties as directors of private sector companies. Under the Companies Act 2006 directors have a duty to:-

- Avoid conflict of interest.
- Not accept benefit from third parties.
- Declare interest in proposed transactions or arrangements with the organisation.
- Act within powers.
- Promote the success of the organisation to achieve its purpose.
- Exercise independent judgement.
- Exercise reasonable care, skill and judgement.

SECTION 2: CODE OF CONDUCT FOR TRUSTEES OF THE FAVERSHAM SOCIETY

Trustees will be required to sign an indication that they have read and understood the Code of Conduct which sets out what is expected of them in order to maintain the highest standards of integrity and stewardship; to ensure that the Society is effective, open, transparent and accountable; and to ensure good working relationships between Trustees, officers, employees, volunteers and members.

1. Trustees will act within the law and the powers conferred by the Society's Articles of Association; support the objects and abide by the policies and procedures of the Society.
2. Trustees will act with probity and due prudence and consider taking professional advice on any matter of significance to the Society where they do not themselves have expertise. Trustees will, however, use their own judgement as to whether to follow advice given or seek a second opinion.
3. Trustees will administer and safeguard the Society and all its assets and ensure proper investment of funds in the interest of current and future beneficiaries (members & Faversham townspeople).
4. Trustees will hold themselves accountable to the Society's stakeholders (members) for the Board of Trustees' decisions, the individual and collective performance of Trustees and the performance of the Society.
5. Trustees will conduct themselves in a manner which does not undermine the reputation of the Society and will not take part in any activity which conflicts with the Society's objects or contravenes legislation.
6. Trustees shall not behave in a way that discriminates on the basis of gender, sexual orientation, race or religious persuasion, age or disability.
7. Trustees, their families and friends will not benefit financially or materially from their trusteeship. The Board of Trustees will ensure that there are clear written policies on claiming expenses by Trustees, staff and volunteers.
8. Trustees will declare any conflict of interest and not place themselves under any obligation to individuals or organisations outside the Society that might influence them in the performance of their duties as trustees. *(Generally if there is a conflict of interest a trustee should not play a part in the decision making process unless there is an exception laid out in the Articles allowing him/her to do so.)*

9. Trustees will respect board confidentiality while never using confidentiality as justification not to discuss matters that should be transparent and open.
10. Trustees will develop and maintain a sound up to date knowledge of the Faversham Society, understanding how the organisation works and the environment in which it operates.
11. Trustees must be familiar with, and keep under regular review, the Articles of Association, Codes of Conduct, Standing Orders and Code of Ethics. Any changes must be made in accordance with constitutional and legal requirements.
12. Trustees will strive to embody the principles of leadership in all actions and live up to the trust placed in them by the Society.
13. Trustees will abide by board governance, procedures and practices.
14. Trustees will strive to attend all board meetings giving notice to the Chair ahead of time if unable to attend. Trustees must attend a minimum of three meetings per annum.
15. Trustees will prepare fully for board meetings studying papers beforehand and will be prepared to debate and vote on agenda items during board meetings.
16. Trustees will treat fellow board members with courtesy during board meetings and maintain a respectful attitude towards their opinions.
17. Trustees will accept the majority board vote on any issue as decisive and final.
18. Trustees will honour the authority of the Chair and respect his/her role as meeting leader.

SECTION 3: SUPPORT FOR NEW TRUSTEES OF THE FAVERSHAM SOCIETY

The Society will support new Trustees by:

1. Carrying out a thorough induction
2. Providing a copy of the Articles of Association and Standing Orders
3. Providing copies of Society literature (leaflets, brochures etc)
4. Providing a copy of the role description *[see Section 1]*
5. Providing a copy of the last Annual Report and budget
6. Providing information on the background and history of the Society
7. Providing a copy of the minutes of the last few board meetings
8. Providing a copy of key policies
9. Explaining the cycle and format of meetings
10. Welcoming the new Trustee formally at their first meeting
11. Pairing the Trustee with a buddy or mentor
12. Ensuring in the first few meetings that matters are fully explained (eg, acronyms and technical language, names of speakers)
13. Encouraging the new Trustee to get involved in activities and working groups
14. Adding the new Trustee to the list of volunteer names
15. Spending time talking to the new Trustee, offering to answer questions
16. Making a note of any training /development needs of the Trustee
17. Completing all paperwork - contact information, etc.
18. Ensuring that the Trustee knows who is who, by providing information and contact details of staff/volunteers and Board members.
19. Ensuring that the Trustee knows how long he/she can serve before needing to be re-elected or re-appointed

SECTION 4: GENERAL GUIDANCE

The Six Principles of Good Governance (Summary)

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| <p>Principle 1</p> <p>An effective board will provide good guidance and leadership by understanding their role. Members of the board will understand their role collectively and individually in relation to: Their legal duties; Their stewardship of assets; The provisions of the governing document; The external environment; The total structure of the organisation; and in terms of: Setting and safeguarding the vision, values and reputation of the organisation; Overseeing its work; Managing and supporting staff/volunteers.</p> | <p>Principle 4</p> <p>An effective board will provide good guidance and leadership by exercising effective control. They will ensure that: The organisation understands and complies with legal and regulatory requirements; It has good internal financial and management controls; It identifies, reviews and manages risks; It delegates to committees, staff and volunteers, and the use of delegated authority is supervised</p> |
| <p>Principle 2</p> <p>An effective board will provide good guidance and leadership by ensuring delivery of organisational purposes, by: Ensuring organisational purposes remain relevant and valid; Developing and agreeing a long term strategy; Monitoring progress and spending against plan and budget; Evaluating results, assessing outcomes and impact; Reviewing and/or amending the plan and budget as appropriate.</p> | <p>Principle 5</p> <p>An effective board will provide good guidance and leadership by behaving with integrity. The board will: Safeguard and promote the organisation's reputation; Act according to high ethical standards; Identify, understand and manage conflicts of interest and loyalty; Maintain independence of decision making; Deliver impact that best meets the needs of beneficiaries.</p> |
| <p>Principle 3</p> <p>An effective board will provide good guidance and leadership by working effectively both as individuals and as a team. The board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours. These will include: Finding and recruiting new board members to meet needs in relation to skills, experience and diversity; Providing suitable inductions; Providing training and development opportunities; Periodically reviewing performance.</p> | <p>Principle 6</p> <p>An effective board will provide good guidance and leadership by being open and accountable. This will include: Open communications, informing people about the organisation and its work; Appropriate consultation on significant changes to the organisation's services / policies; Listening and responding to views of stakeholders; Handling complaints constructively; Considering the organisation's responsibilities to the wider community (eg, environmental).</p> |

Source: Charity Commission: www.charity-commission.gov.uk

Operational Liabilities

These are liabilities incurred by the organisation because of what it does or does not do. Where the liabilities ultimately fall, if the organisation cannot discharge them, depends in most cases on whether the charity is incorporated.

There is an enormous range of acts or omissions that could cause liability: services provided, property owned, people interacted with, relationships entered into and advice given all carry potential liability for the organisation.

Liability can be generated in as many different ways as there are risks. The liability could be to:

- A statutory regulator (eg, the Health and Safety Commission)
- The other party in a contract if you do not pay what you owe
- A funder if you do not complete a project or spend money as stated
- A client if you give advice that causes financial loss
- A third party, if applicable (eg, if someone has an accident on your premises).

If a charity employs staff, risks are increased. Obligations to staff are complex and change rapidly. Liabilities may include:

- Financial obligations (salary, pension, holiday pay, redundancy pay, etc)
- Procedural duties (disciplinary, grievance, etc)
- Paperwork requirements (contracts, terms of employment, etc)
- Insurance requirements (employers, fidelity and personal injury, etc)
- Duty of care
- Equal opportunities
- Statutory obligations.

If the charity is incorporated then operational liabilities generally fall on the organisation. If the organisation cannot meet the liability then it may have to be wound up, but the Trustees are not normally liable. If the charity is not incorporated and cannot meet its liabilities, the Trustees are liable.

Trustees can protect themselves by:

- Insurance
- Building financial reserves
- Taking professional advice
- Resignation from the board
- Reviewing the governing document
- Excluding personal liability in agreements where possible
- Acting carefully and thinking about risk
- Not taking long-term commitments
- Having risk management procedures
- Seeking help from Charity Commission

Governance Liabilities

Governance is the "process by which a governing body ensures that an organisation is effectively and properly run. Governance is not necessarily about doing; it is about ensuring things are done"

(Sandy Adirondack, Good Governance Action Plan 2002)

Governance liabilities are inherent in the role of a Trustee. For example, Trustees have a duty not to profit improperly from the charity (e.g. from selling its services etc). A Trustee that does this would have to pay the money back.

Examples of Governance Liabilities are:

- Spending charity money on activities outside objectives
- Unpermitted political activity
- Fraud
- Serious negligence
- Failing to protect trust property
- Trustee receiving personal benefit
- Acting as Trustee or chief officer when disqualified
- Failure to deduct employee's PAYE
- Failure to comply with health & safety, trade descriptions or financial services

How to Manage Governance Liabilities

- Ensure a thorough induction programme
- Seek professional advice when necessary
- Ensure good management practice
- Ensure clear roles and responsibilities
- Ensure records are kept of decisions taken
- Ensure board has good training and development

What to do if you are worried

Consider some of the following:

- Ask staff or fellow Trustees for reassurance
- Visit the Charity Commission website for guidance:
www.charity.commission.gov.uk
- Contact your local CVS
- Do your own research on the Internet or at the library – try www.ncvo-vol.org.uk
- Seek professional advice
- Contact the Charity Commission

Additional reading

New Trustee Guidance - Updated Trustee guidance from The Charity Commission provides new financial guidance that charity Trustees must engage with to effectively run their charity. It shows clearly that Trustees are ultimately responsible for their charity's finances. The intention is not to overburden Trustees, but to give them the tools and confidence to deal with difficulties effectively.

The new guidance reflects the current financial challenges facing charities that are coming under increasing pressure from reduced income and increased competition for funding. Making this all the more important reading!

They have also updated their "15 questions trustees should ask – a guide to trustee meetings":

<https://www.gov.uk/government/news/trustees-must-engage-with-finance-guidance-says-charity-regulator>