



Effective governance

Trustee roles and responsibilities

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Session outline

In this session we will consider:

- What is governance?
- Trustee responsibilities
- Qualities of effective trustees
- Vision, mission, strategy and impact



What is governance?

Governance can be defined as:

The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation.

(The Governance of Voluntary Organisations, Cornforth 2003)



Four aspects of governance

The four aspects of this definition are all important for boards to focus on and meet their duties as trustees. In a well-governed organisation, the board and governance structure will provide:

Direction

Showing leadership by setting strategy. Being clear about what the organisation is aiming to achieve and how.

Effectiveness

Making good use of the charity's money and resources, with a focus on achieving their desired outcomes.



Four aspects of governance

Supervision

Making sure the charity follows the law, its governing document and policies and, where issues arise, these are dealt with quickly. Considering potential risks, and monitoring progress to keep the organisation on track. Learning from mistakes or difficulties and making changes where needed.

Accountability

Reporting to those who are interested in what the organisation is doing, including regulators.



Governance in practice

Structure: does your organisation have the right structure – eg charity, CIC, community group?

Governing document: is it up to date and fit for purpose?

Trustees / directors: do you have the right number? Do they understand their roles and responsibilities?



Governance in practice

Policies: do you have the necessary policies and procedures in place?

There are key policies all organisations should have eg health and safety, equality and diversity, data protection, financial policy and procedures, environmental policy.

Other policies may include safeguarding, volunteering policy, conflict of interest, risk management, acceptance of donations, social media; and if you employ staff, HR policies including whistleblowing, grievance and disciplinary



Governance in practice

Is everything up to date?

Do you regularly review your governing document, policies and procedures?

Are you up to date with Charity Commission / Companies House reporting?

Is everyone aware?

Trustees / directors have overall responsibility for governance but everyone in the organisation has a role to play in supporting the board to govern well.



Trustee duties at a glance

As a trustee you must:

- Ensure your charity is carrying out its purposes for the public benefit
- Comply with your charity's governing document and the law
- Act in your charity's best interests
- Manage your charity's resources responsibly
- Act with reasonable care and skill
- Ensure your charity is accountable



The trustees' role in practice

Trustees are responsible for:

- Planning and monitoring the charity's work
- Setting policies and procedures
- Overseeing finances and fundraising
- Supervising the work of staff & volunteers
- Being accountable
- Supporting and developing the trustee board



Qualities of effective trustees

- Committed to the charity
- Willing to devote the necessary time and effort
- Able to think strategically
- Able to exercise independent judgment
- Able to think creatively
- Willing to speak and question
- Understanding of the responsibilities of trustees
- Able to work as a team with other trustees
- Eligible to serve as a trustee



Trustee quiz

Your charity's premises have been damaged significantly by a flood and it's unable to deliver any services to the local community until repairs are done. This could take months. Should you consider reporting this to the Charity Commission?

- Yes, we should tell the Commission
- No, the Charity Commission doesn't need to know about day-to-day issues
- Only if we think the charity cannot deliver any services for more than 6 months

Yes - You should inform the Charity Commission promptly. This is because the flood has caused serious harm and loss to your charity and the people it helps.

[What to send to the Charity Commission and how to get help - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/charity-commission/about/what-to-report-to-the-charity-commission)



Trustee quiz

Your charity is making payments relating to three trustees. Which of these scenarios present a conflict of interest?

- Payment for babysitting costs whilst a trustee attends a meeting
- Payment for the translation of the charity's constitution into braille for a visually impaired trustee
- Payment to a trustee's marketing company for fundraising materials for the charity

The trustee who owns the marketing company has a conflict of interest because they own the business and will benefit from the charity using their company rather than a company unconnected to a trustee.

[Managing conflicts of interest in a charity - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/managing-conflicts-of-interest-in-a-charity)



Trustee quiz

Your charity is thinking about working with political parties and candidates. Which of these activities can your charity do?

- We can promote a particular candidate for election
- We can use the charity's funds to support a particular political party who supports our cause
- We can meet with a local Member of Parliament to influence their decisions

You can work with political parties or candidates provided this supports your charity's purpose and your charity remains independent.

[Political activity and campaigning by charities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/topics/charities)



Trustee quiz

You have written a new safeguarding policy for your charity. When should you next review the policy?

- Annually
- Every 2 years
- Every 6 months

You should review your safeguarding policy annually to make sure it's up to date and again if an incident occurs.

[Safeguarding for charities and trustees - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/safeguarding-for-charities-and-trustees)



Trustee quiz

It is time for your charity to send its annual return. Who is responsible for making sure the annual return is sent on time?

- The trustees are all responsible
- An employee of the charity
- A qualified accountant acting for the charity

You can task someone else to send us the information, but all the trustees are responsible for making sure the right information is sent to us on time.

[What to send to the Charity Commission and how to get help - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/charity-commission/about-us/what-to-send-to-the-charity-commission-and-how-to-get-help)



Trustee quiz

You want to apply for a sizable grant, but some of the money will be spent on activities that do not support your charity's purposes. Is this allowed?

- As long as it is less than 10% of the total grant
- Yes, if there is a majority agreement from the trustees
- No, this is not allowed

Your charity's funds must only be spent on delivering your charity's purposes, so you must ensure your charity doesn't drift into activities it was not set up to do.

[Charity purposes and rules - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



Trustee quiz

At a meeting, a trustee strongly disagrees with the other trustees about a decision. What should they do?

- Keep their opinion to themselves as all the other trustees seem to agree
- Tell the other trustees that they do not agree with the decision and leave the meeting
- Explain their views to the other trustees and ask for them to be recorded

Trustees should work together to make decisions that are in the best interests of their charity. If a trustee doesn't agree with other trustees, they should explain their views and they can ask for their disagreement to be recorded in the minutes.

[Making decisions at a charity - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/topics/charities)



Trustee quiz

Can trustees get advice to help them reach a decision?

- Only if it's free of charge. The trustees cannot spend their charity's money on professional advisors
- Yes, if the adviser has the right qualification or expertise on the issue being decided
- Yes, but only on certain topics, as set out in the law

Trustees can and should get advice when they need it, to help them make decisions that are in the charity's best interests.

[Making decisions at a charity - GOV.UK \(www.gov.uk\)](https://www.gov.uk/making-decisions-at-a-charity)



Trustee quiz

Over the past two years, your charity's spending commitments have changed, and its reserve levels have increased. What should you do?

- Keep building up the money. It's good to have a rainy-day fund
- Plan to spend the money and aim for low reserves in the future. It doesn't look good for charities to build up money
- Decide on targets for reserves that are right for your charity. Explain your approach in your reserves policy and annual report

It is important that charities decide what level of reserves they may need to support their activities going forward, and to help manage any uncertainties they may face. Explain your approach in a reserves policy and your annual report.

[Managing charity finances - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/topics/charities)



Trustee quiz

What should you do if your charity has been a victim of fraud or cyber crime?

- You should report attempted or actual fraud or cyber-crime to Action Fraud
- You should report serious incidents to the Charity Commission
- You should do both

It's important to report it to all the relevant authorities. It can help you access essential advice and it helps to build a clearer picture of the scale of fraud affecting the wider sector. Having a fraud response plan ready will help.

[Protect your charity from fraud and cyber crime - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/action-fraud)

[Charity Commission 5 minute guides for trustees](https://www.charitycommission.gov.uk/charity-compliance/5-minute-guides-for-trustees)



Vision, Mission, Strategy and Impact

The trustee board is responsible for ensuring that the charity is clear about why it exists and how it will bring about its goals. It can help to provide clarity of purpose through:

Vision and mission

- A vision statement sets out the ideal state your charity or non profit is seeking.
- A mission statement sets out the role your organisation will play to achieve the vision.
- The board ensures that the organisation is clear about its vision and mission and that all its activities contribute ultimately to their achievement.



Vision, Mission, Strategy and Impact

Strategy

- A strategy sets out how the organisation will move from where it is now to a desired point in the future.
- A well considered strategy is essential to your non-profit or charity's effectiveness.
- Of course the board won't determine the strategy on its own, it will seek the view of all those who have a stake in the organisation. If you have staff they may do a lot of the work in identifying strategic options, but the final responsibility lies with the trustees.



Vision, Mission, Strategy and Impact

Impact

- An important role of every board is to ensure that the organisation is achieving its aims.
- Board members need to be confident that the organisation's activities are really making a difference to the lives of those they are intended to benefit and can assist by ensuring they agree appropriate targets, and ways of regularly tracking and assessing progress.
- It's important to focus on the outcomes for your users rather than simply the size or scale of your activities, looking beyond efficiency to effectiveness.



The Governance Code

The [Charity Governance Code](#) aims to help charities and their trustees develop high standards of governance and sets out principles and recommended practice.

Organisational purpose: The board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably

Leadership: Every charity is headed by an effective board that provides strategic leadership in line with the charity's aims and values

Integrity: The board acts with integrity, adopting values and creating a culture which helps achieve the organisation's charitable purposes. The board is aware of the importance of the public's confidence and trust in charities, and trustees undertake their duties with this in mind.



The Governance Code

Decision making, risk and control: The board makes sure that its decision-making processes are informed, rigorous and timely, and that effective delegation, control and risk-assessment, and management systems are set up and monitored.

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

Diversity: The board's approach to diversity supports its effectiveness, leadership and decision making.

Openness and accountability: The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be.



Further information

[Governance | NCVO](#)

[Developing policies and procedures | NCVO](#)

[Home — Charity Governance Code](#)



Thank you

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