

Creative Wakefield – A Practical Guide to Board Membership

The Role of Boards

Boards are responsible for the general control and management of the administration of an organisation. They serve on a governing body and may be known as Trustees, directors, board members, governors or committee members. The great majority of Trustees serve as volunteers, and receive no payment for their work.

Charity Trustees have, and must accept, ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for the benefit of the public for which it has been set up.

Trustees must ensure that they carry out their charity's purposes for the public benefit, and act only in their charity's interests.

For **compliance** purposes, Trustees must:

- Ensure that the charity complies with charity law, and with the requirements of the Charity Commission as regulator; in particular ensure that the charity prepares reports on what it has achieved and Annual Returns and accounts as required by law¹;
- Ensure that the charity does not breach any of the requirements or rules set out in its governing document and that it remains true to the charitable purpose and objects set out there;
- Comply and keep abreast with the requirements of other legislation and other regulators (if any) which govern the activities of the charity²;
- Act with integrity, deal with conflicts of interest, and avoid misuse of charity funds or assets.

For the duty of **prudence**, Trustees must:

- Ensure that the charity is and will remain solvent;
- Use charitable funds and assets reasonably, and only in furtherance of the charity's objects;
- Avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk;
- Take special care when investing the funds of the charity, or borrowing funds for the charity to use.

For the duty of **care**, Trustees must:

- Use reasonable care and skill in their work as Trustees, using their personal skills and experience as needed to ensure that the charity is well-run and efficient;
- Consider getting appropriate external advice on all matters where there may be material risk to the charity, land assets or large investments are at stake, or where the Trustees may be in breach of their duties.
- Provide a safe and trusted environment. Safeguarding involves a duty of care to everyone who comes into contact with your charity, not just vulnerable beneficiaries like children and young people
- Set an organisational culture that prioritises safeguarding, so it is safe for people to report incidents and concerns in the knowledge they will be dealt with appropriately
- Have adequate safeguarding policies, procedures and measures to protect people and make sure these are made public, reviewed regularly and kept up to date

¹ <https://charitycommission.blog.gov.uk/2016/05/20/how-will-the-new-charities-act-affect-your-charity/>

² 2016 changes to charity law - <http://www.legislation.gov.uk/ukpga/2016/4/contents>

- Handle incidents as they arise. Report them to the relevant authorities including the police and the Charity Commission. Learn from these mistakes and put in place the relevant mechanisms to stop them happening again

Charity Governance Code – A clear set of Governance standards

Launched in July 2017 with steering group partners, with the help of over 200 charities, individuals and related organisations, the tool was developed by the NCVO (National Council for Voluntary Organisations, a membership organisation which provides advice and resources for the voluntary sector) to provide a clear set of governance standards which charities and Trustees can work towards, and increase the effectiveness of their charity.

The Code's aim is to help charities and their Trustees develop these high standards of governance. *"As a sector, we owe it to our beneficiaries, stakeholders and supporters to demonstrate exemplary leadership and governance."* This Code is a practical tool to help Trustees achieve this.

These principles are useful to support Board members of non-constituted groups.

7 Principles...

There are seven principles to the code, which were built based on the assumption that a charity is meeting its legal and regulatory responsibilities as a foundation, which is integral to good governance. 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.

The principles, rationale and outcomes are intended to apply universally to charities although the recommended practices vary depending on the size of the charity, as governance practices can differ significantly depending on a charity's size, income, activities or complexity. The Code has different recommended practices to reflect and address some of these differences.

Changes from the previous code...

There are a range of significant changes to the previous code, including:

- An expectation that the Board will review its own performance and that of individual Trustees, including the Chair, every year, with an external evaluation for larger organisations every three years
- That no Trustee should serve more than nine years without good reason and that term limits are important for accountability
- Thinking carefully about how Boards recruit a diverse range of Trustees with the skills and experience required to lead a charity
- Boards involving stakeholders in key decisions and operating with the presumption of openness
- Emphasis on the role of the Chair and Vice Chair in supporting and achieving good governance
- Increased oversight for large charities when dealing with subsidiary companies, registers of interests and third parties such as fundraising agencies or commercial ventures
- That the Board evaluates a charity's impact by measuring and assessing results, outputs and outcomes.

Using the Code

Intended for charities and other organisations working for the public benefit.

The Code is intended for use by charities in England and Wales, although much of it is applicable to other organisations that operate for the public benefit or have a social or charitable purpose.

It is aspirational, not a legal requirement.

The Code sets the principles and recommended practice for good governance and is deliberately aspirational: some elements of the Code will be a stretch for many charities to achieve. This is intentional: The Code is meant to be a tool for continuous improvement towards the highest standards.

It has been developed as a tool for continuous improvement.

NCVO's recommendation is that Trustees engage with the content, regularly revisit and reflect on the principles and use the Code to support continuous improvement. This might involve undertaking a comprehensive external review, establishing a sub-group to look at the Code in more depth, or simply factoring in time at Trustee meetings to discuss the principles.

Users should use the “Apply or Explain” approach.

Trustees shouldn't feel they need to apply everything if it doesn't fit within their charity's context. Instead the NCVO encourages Trustees to work towards the principles and outcomes of the Code by either applying the recommended practice, or explaining what they have done instead or why they haven't applied it.

The NCVO encourages reporting on the use of the Code.

The NCVO encourages Trustees to publish a brief statement in their annual report outlining their use of the Code should they use it, and anticipates this would take the form of a short narrative, not a lengthy audit of policy and procedures.

Why become a Trustee?

Organisations need to have a diverse mix of skills on their Boards, and many need support in particular areas such as finance, marketing, organisational change and business development.

Becoming a Trustee is a type of volunteering that can:

- Complement and add value to your career
- Help you to gain new skills for personal and professional development
- Lead to personal satisfaction associated with giving something back and making a difference to a cause that you care about
- Provide opportunities to find new interests, broaden experiences and meet new people
- Increase access to professional networks
- Support development in your local area

What makes a good Trustee?

When looking for a new Trustee, Boards look at:

- What skills, knowledge and experience are needed to make sure that the charity is well governed and is run effectively, efficiently and appropriately to its size and complexity. (This does not mean that Trustee Boards should expand to contain experts or specialists to cover every eventuality.)

- What skills are missing from a Board. Trustee skills can range in nature from financial, book-keeping or marketing skills, through to links with the relevant communities or service users.
- Whether the Trustee has the necessary time and energy to devote to the charity.

Being a good Trustee involves:

- Being prepared to get involved in the running of the organisation and working hard to meet objectives;
- Committing time to the organisation, occasionally over and above what would ordinarily be expected;
- Imparting skills to other members of the organisations, through coaching, teaching sessions or generally helping others;
- Having a passion or interest in the workings of the organisation and be enthusiastic about the cause;
- Being able to work well in a team and get along with others;
- Undertaking due diligence and research into the organisation before accepting a role to understand the role and expectations (and subsequently as a 'mystery shopper' to review the organisation from the outside).

Types of Board Performance

Boards govern in three distinct modes. Each mode serves important purposes, and together, the three add up to governance as leadership.

- Type I - **Fiduciary or Operational Mode** which oversees operations and ensures efficient and appropriate use of resources, legal compliance and fiscal accountability.
- Type II - **Strategic or Logical Mode**. Here, the Board's central purpose is to ensure a winning strategy for the organisation.
- Type III - **Generative or Expressive Mode** and is a cognitive process for deciding what to pay attention to, what it means, and what to do about it - also a good definition of governance.

[Governance as Leadership](#), (2005) Richard Chait, William Ryan & Barbara Taylor (BoardSource)

Governance

Principles of good governance include the following:

- **Clarity over the purpose and direction of an organisation** – an effective organisation is clear about its vision, mission and values, and uses them to direct all aspects of its work;
- **A strong Board of Trustees** – an effective organisation is run by a clearly identifiable Board of Trustees that has the right balance of skills and experience, acts in the best interests of the organisation and its beneficiaries, understands its responsibilities and has systems in place to exercise them properly;
- **Fit for purpose** – the structure, policies and procedures of an effective organisation enable it to achieve its purposes and mission and deliver its services efficiently;
- **Learning and improving** – an effective organisation is always seeking to improve its performance and efficiency, and to learn new and better ways of delivering its purposes, through self-assessment and external evaluation, which feed into planning processes and influence its future direction;
- **Financially sound and prudent** – an effective organisation has the financial and other resources needed to deliver its purposes and mission, and controls and uses them so as to achieve its potential;
- **Accountable and transparent** – an effective organisation is accountable to the public and others, through easily understandable and transparent policies, procedures and practices.

Enhanced codes of conduct: The Nolan Principles

The Committee on Standards in Public Life is an independent committee, which was set up in October 1994 under the chairmanship of Lord Nolan to examine concerns about standards of conduct in public office. The Committee's first report established 'The Seven Principles of Public Life', also known as the 'Nolan Principles'. They are included in the Ministerial Code, but other organisations have adopted them – particularly voluntary sector bodies with a close connection to the public sector – e.g. Arts Councils, Canal & River Trust.

The principles are:

- **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

- **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

- **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate for their office.

- **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

- **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

- **Leadership**

Holders of public office should promote and support these principles by leadership and example.

Internal Reviews and Audits

To remain effective, Trustees should review their own performance on a regular basis. By assessing the Board's effectiveness, Trustees can identify any skills gaps and fill them as required. This will also ensure that the Board of Trustees keeps in line with its own aims and objectives. The Chair is usually responsible for organising and overseeing internal reviews and audits, but all Trustees should consider ways to increase effectiveness and efficiency.

Some of the ways that a Board can assess its own effectiveness include:

- **Away Days** – where the Board of Trustees meet away from their regular location to discuss a particular issue;
- **Strategy Meetings** – where the Board of Trustees meet to scrutinise the strategic direction of the organisation;
- **Interviews and Surveys** – where an appointed Trustee interviews other Trustees about their effectiveness and conducts surveys.

External facilitation in performance reviews can add credibility to the process. An independent facilitator can also provide anonymous feedback.

The ‘Seven Deadly Sins’ of Boards, and How to Avoid Them

1. No Formal Board Evaluation

Evaluating the efficacy of a Board is a difficult and often political issue. However, it is a vital step to ensuring that Boards are aware of their successes and areas for improvement. Boards need to commit to self-evaluation on a formal basis: meetings at which effectiveness and strategy can be discussed reflectively should be part of the annual schedule.

2. Lack of Finite Terms of Office

It is increasingly understood that regular rotation of Trustees is a sign of a healthy Board, as it prevents “complacency and stagnation”, and introduces fresher ideas and critiques into discussions. For many organisations, terms of service are between 3-4 years, with the option of extension.

3. Not Enough Attention to Sustainability and Risk

Due to the nature of charitable funding, many organisations lean towards planning strategies on a year-by-year basis, in case funding should decline or disappear. This encourages the acceptance of a perceived financial stability, which makes it increasingly difficult to assure donors and funders of the long-term stability of the organisation, and to provide a sense of strategic direction.

4. Skimping on Recruitment

Finding good Trustees is a challenge, and often requires a significant time commitment on the part of existing Trustees and senior staff. Many Boards rely on personal networks and connections to ‘stock’ Boards, but this leads to ‘vanilla’ boards: opening the recruitment process through social media and general job postings can lend the process much-needed diversity.

5. Lack of Engagement Between Meetings

It can be difficult for leadership teams to encourage Trustee attendance at events and meetings, as their positions are voluntarily held, and their schedules are often extremely busy. However, engaging Trustees between meetings ensures that they remain committed, informed and engaged. It is important that Trustees are given (and take) opportunities to meet staff and beneficiaries, join sub-committees and working groups, and socialise with their fellow Trustees, to generate a comfortable and open environment for discussions.

6. Lack of Respect, Especially for the SMT

A good working relationship between the management and Trustee Board is vital to effective Trusteeship but can be difficult to maintain. A mutual lack of empathy and understanding can often lead to the disintegration of this relationship and can lead to open hostility. It is important to discuss any issues frankly as they arise, and to have regular meetings between the executives and Board to set expectations and boundaries that will satisfy everyone.

7. No Investment in Induction and Training

Being a Trustee can be difficult, both for new Trustees and experienced Trustees in new organisations. However, many charities do not make time to ensure that Trustees are starting off on the right foot: the development of an induction pack or induction sessions, the inclusion of progress

reviews in the calendar and regular Trustee training will help to ensure that skills gaps are dealt with early in the process.

Other Resources

Cultural Governance Alliance – Knowledge Library
<https://culturalgovernancealliance.org/knowledge-library>

Good Governance Institute
<https://www.good-governance.org.uk/knowledge/>

Association of Independent Museums (AIM)
<https://aim-museums.co.uk/helping-organisations/resources/>

Arts Council England – The Art of Leadership
<https://www.artscouncil.org.uk/artofleadership>

Culture, Health and Wellbeing Alliance – Toolkits
<https://www.culturehealthandwellbeing.org.uk/resources/toolkits-guidance-and-factsheets>

Case Studies



Jide Ashimi
Co-Chair at Raw Material

Jide Ashimi is Co-Chair of Raw Material, a charity which provides access and opportunities for people to engage in music, media, arts and new technology education, training and production.

Jide first worked with the charity as a Project Manager, before being motivated to join the board.

“To work with an organisation where our values aligned and our aims found convergence was, after due consideration, an ideal fit. Living and working in Lambeth was also a factor and knowing that my efforts and work as a Trustee benefits members of my local community has been an important and motivating factor.”

Governance at Raw Material has changed substantially due to Covid-19:

“We really had to delve into what the future of the charity will be, and the impact of COVID-19 has brought about a fundamental re-evaluation of our priorities and our structure in terms of leadership. We took the decision to introduce a Co-chair model as an opportunity to diversify how we operate and to be more representative of the make up the borough population; it is our commitment as an organisation to ensure there is real diversity at all levels.”

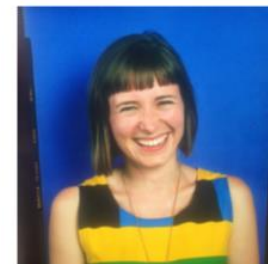


Scott Quinn
President at Dundee University
Student Association



Scott Quinn is President of Dundee University Student Association (DUSA), as well as sitting on the DUSA board as Trustee. After attending the University of Dundee, Scott was motivated to take on the role in order to build on past volunteering experiences in a meaningful way.

“As a Students’ Association, the organization regularly seeks out students to sit on the Board as a way to ensure that high-level decisions are meeting the needs of the student body. Lived experience was the desired quality and that was what encouraged me to step forward! I really loved the idea of being a Trustee because of the impact that I could have and the ability to make a difference on a much larger scale.”



Katie Haines
Trustee at g39



Katie Haines is Head of Marketing & Development at Arts Admin, and Trustee at g39, a contemporary arts organisation based in Cardiff that promotes visual arts and supports artists across Wales. After working in the arts for more than a decade, Katie decided to become a Trustee to share her knowledge, learn how an arts organisation of a different kind works, and to gain perspective outside of London.

“Like most trustees, everyone is keen to see the financial statements and to understand how income shortfalls can be mitigated by emergency funds and other support during these turbulent times. Alongside the pandemic, 2020 saw the tragic, violent and unnecessary death of George Floyd and the subsequent Black Lives Matter protests worldwide, which highlighted the ongoing and deeply ingrained racial injustices and racism in our society. g39 have used this quieter programming period to work on a very important, thoughtful and ambitious Equality Action Plan, in which they commit to being anti-racist and inclusive across their activities going forward. Covid-19 has had a devastating impact on so many sectors, especially artists and the arts, but this is also an opportunity to reflect and reset how we work ahead of, hopefully, rebuilding programmes in 2021.”

Space for Notes: