

ptl

101

simple steps
to better governance

**Charity trustee boards
made easier**



“101 Simple Steps is an invaluable guide to improving governance, full of tips and insight for those running charities.”

**Fred Emden, Executive Director of Resources
The Royal College of Obstetricians and
Gynaecologists**

“Overall the guide is very useful. I like the way the steps are split up – it makes the 101 seem less daunting.”

**Sharon Drew, Pensions Manager
RSPB**

“An exceptional & comprehensive guide which forms an ideal reference point for our Trustee Board.”

**Justin Peartree, Pension Funds Manager
The Salvation Army**

Introduction

PTL (Pitmans Trustees Limited) is an award winning supplier of governance services to trusts.

For many years, when appointed to a new client, we have carried out an installation audit. These are not designed to find things that are being done wrong, but rather to find things that can be done better. Some of our recommendations have been highly complex and sophisticated, others have been straightforward, low or no cost, changes: simple steps that can improve trust governance.

This guide contains 101 of the most common Simple Step recommendations that we have made. Some are gentle reminders for small but important tasks, such as remembering to register as Data Controllers with the Information Commissioner; others are just suggestions for how to make lives easier and more enjoyable.

Of course, not all of these will apply to every trustee board, but we've yet to find one where we've not been able to make at least a few recommendations.

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101 Simple Steps

Trustee Meetings

- 1.** You have to have them so set the dates a year in advance. It saves having to try and shoe-horn them into diaries at short notice.
- 2.** Once you have agreed the dates, record them in the minutes along with where they will take place and the time. That way once everyone has the minutes they have been given formal notice of the forthcoming meetings.
- 3.** Control your meetings. They are for you. Encourage attendees to be succinct.
- 4.** You only meet a few times a year so make the most of them. Cut out what doesn't need discussion.
- 5.** A good chairman will ensure all the trustees have a voice.
- 6.** Run your meetings out of order if it helps. If item 5 is meaty and must be addressed, deal with it first while everyone is fresh and before they start wanting to get away.

7. If you have people coming in for part of the meeting, try and get them in at the start. That way they don't have to wait around in reception.
8. Only invite people to the meeting who need to be there.
9. Circulate papers well before the meeting and request that all attendees read them. This removes the need to go through reports line by line during a meeting. Highlight and discuss only what needs to be discussed.
10. Confirm everyone is looking at the documents relevant to the discussion.
11. Understand who all of the stakeholders are.
12. Discourage side discussions during the meeting as these are disruptive and inconsiderate to other attendees. They can be taken out of the room or postponed until a break.
13. A good chairman will manage the agenda effectively.
14. Be realistic about the time available for each agenda item and don't be afraid to call time on a meeting. It's better to defer a matter for a week or two than to make a decision without full consideration.

- 15.** Include a ‘matters arising’ report as part of the agenda pack. This should record all of the outstanding matters from the last meeting and what has happened since. It can record completed actions. During the meeting these can be noted. You then only discuss the items that require discussion.
- 16.** Read your meeting papers before the meeting. Be prepared and ready to be involved. To do otherwise may save you time, but it will waste everyone else’s.
- 17.** Agree a time limit for meetings. If you can’t deal with everything in that time, have another meeting another day soon.
- 18.** Advise the chairman at the outset if you have a time restriction.
- 19.** If the matter being considered is too big for the full trustee committee, delegate it to a sub-committee. Make sure, however, that their remit is clear. For example, can they make decisions without referring back to the full trustee board?
- 20.** Recap the decisions and/or agreed actions at the end of each item.

Minutes

21. Make sure somebody is taking minutes at your meetings. It shouldn't be the chairman as they will be busy enough.
22. Keep your minutes as brief as you can. You do not need to record discussions (although you can choose to).
23. Your minutes should record:
 - the date
 - the time the meeting opened (which is often missed)
 - the place of the meeting
 - the trustees attending
 - the trustees who were unable to attend
 - the names and roles of other people attending the meeting (and, if not for all of the meeting, for what parts they did attend)
 - the decisions made at the meeting and since the last meeting
 - the next meeting date and location, and
 - the time the meeting closed.
24. Circulate a list of actions and responsibilities as soon as possible after the meeting. As this is not as formal as the minutes, work can start on implementing the decisions before the momentum is lost.

- 25.** Circulate draft minutes soon after the meeting whilst still fresh in everyone's minds.
- 26.** In relation to decisions, in addition to recording the outcome, you can also include:
 - The evidence you have considered
 - Confirmation that you have acted within the terms of your charity's constitution and governing documents
 - You may also record your reasons but be wary of including too much information that can result in unintended consequences such as setting an inappropriate precedent.
- 27.** In relation to the evidence you consider, you do not need to record it verbatim. If the trustees considered a paper then all you need do is refer to that paper in the minutes, for example, 'the trustees considered the paper titled xyz, dated, xx June 20xx'.
- 28.** Make your decisions obvious as that way they are easier to spot. This can be done by using bold or capital letters, for example "IT WAS RESOLVED TO ...".
- 29.** Assign actions and responsibilities to individuals and, where possible, a target date.
- 30.** Keep a central minute file or book.

Decisions

- 31.** Make sure you are quorate when making decisions. If you are not, the decision hasn't been formally made.
- 32.** Declare any conflicts you may have either at the outset of the meeting or in advance of the relevant agenda item. This ensures the conflict is managed appropriately.
- 33.** Although often difficult to achieve, do not unnecessarily delay making decisions. Inaction can be as damaging as incorrect action.
- 34.** You are not on your own. Your decisions are collective.
- 35.** If you are in a minority and have been through all of the arguments, concede. There is no point flogging a dead horse. It only creates ill will. If you are really at odds with your colleagues you can resign (but don't threaten this too often!).
- 36.** The rules for making a decision are:
 - Act in accordance with law and the charity's constitution and other governing documents
 - Consider all relevant factors
 - Disregard irrelevant factors
 - Come to a reasonable decision.

- 37.** Remember that trustees are not there to judge. They are there to act in the best interests of the charity and its beneficiaries.
- 38.** You can only do what the charity's constitution (or overriding law) allows you to do. If you do otherwise your decision may be invalid.
- 39.** Be proportionate. The allocation of £50 may be as important as the allocation of £1,000, but you don't need to spend as long investigating and debating the smaller of these.

Documents

- 40.** Make sure you know where all of the charity's original key documents are filed.
- 41.** Store all of the key documents in one place.
- 42.** File the documents electronically where possible. It makes them far more accessible and is relatively cheap.
- 43.** Ask someone to produce a short summary of the key responsibilities in the charity's constitution and governing documents. This need be no more than a single sheet of A4.

The Audit Process

44. Plan it to be efficient. The accounts don't need to be couriered around the country at the last moment for signing!
45. If the accounts can not be signed at a meeting, resolve to delegate their signature to two trustees (perhaps subject to post-meeting confirmation from the others).
46. Ask the auditor for an advance copy of their letter of representation; that way you can read it before being asked to sign it. They can send it to you in advance.

The Investment Process

47. Do not let your investment advisors bamboozle you with jargon. Keep asking them to explain. Remind them of the Einstein quote 'if you can't explain something in three minutes you don't really understand it'.
48. Remember what your objectives are when considering the risk/return trade-off.
49. Review and update the investment strategy on a regular basis.
50. Don't follow a strategy you don't understand. Keep asking questions until either you do understand it or it is dismissed.

- 51.** Consider potential cash flow requirements before making investments to avoid unnecessary withdrawal penalties.

Relationships with the Regulators

- 52.** Know who the regulators are and what they do:
- the Charity Commission www.charitycommission.gov.uk
 - Companies House www.companieshouse.gov.uk
 - Office of the Scottish Charity Regulator
www.OSCR.org.uk
 - HMRC www.hmrc.gov.uk.
- 53.** Make sure you are registered as a Data Controller with the Information Commissioner's Office www.ico.org.uk if you are required to be.

Trustee Board Structure

- 54.** Appoint the relevant number of trustees, taking into account the requirements of your charity's constitution and the difficulties of organising meetings of large numbers of people.
- 55.** Think about who you want on board rather than who applies to be a trustee.
- 56.** Where possible, aim for a trustee board with an appropriate range of skills and expertise, possibly co-opting trustees with specific skills where there are gaps.

- 57.** Aim to achieve a balance between continuity and new ideas. A fixed term of office can achieve this.

Risk Management

- 58.** It needs to be done and is a good thing. You need only be proportionate.
- 59.** You can never manage out all risk.
- 60.** Risk management tends to focus on process risk. Don't forget asset risk and liability risk. For example, a charity organised fun run would need to consider runners' protection.
- 61.** Reputational risk should not be underestimated. You do not want to deter current or potential donors.
- 62.** Consider incorporation as a way to manage trustee risk. The Charity could become a limited liability company reducing the individual liability for each trustee, although there are added complexities of incorporation.
- 63.** Consider creating a risk register. This may be a difficult task but it helps to tease out all the risks you face and assess their relative impact.

External Service Providers

- 64.** When you appoint an external provider, don't be afraid to haggle over terms and conditions, including fees.
- 65.** Review your service providers from time to time. This needn't be a lengthy process: it could just be an informal discussion, but include a review of actual versus expected fee levels. Record that you have carried out a review.
- 66.** Don't push your advisors too hard on fees. Cheap doesn't necessarily mean good. You want them to be motivated to do a good job for you.

Diary

- 67.** Set out a yearly plan for the Charity. Some events in the Charity's life are routine and predictable. Planning them will ensure you don't miss deadlines, such as a submission of the annual report and accounts to the Charity Commission.
- 68.** Know when the terms of office of the trustees are due to end and ensure a timely succession plan is in place.
- 69.** Ensure that the Charity has a strategic plan which is regularly reviewed, possibly annually, and documented as required.

Management of the Trustee Board

- 70.** Make sure that each trustee has their own copy of the Charity's constitution.
- 71.** Put together an induction pack for new trustees. This should have copies of key documents (or a pointer as to where to find them) and links to other key places (such as the Charity Commission's Compliance Toolkit).
- 72.** Follow the Charity Commission's codes of practice unless you have an objective justification to do otherwise. If you do have an objective justification, write it down so that there is an audit trail.
- 73.** The codes of practice can be distilled into checklists. Arrange for someone to do this. They are then much easier to work with.
- 74.** Keep a central record of trustees' conflicts. Review and update it once a year (or more often if needed).

Trustee Training

- 75.** Keep a record of your training and ask the secretary to keep a central record of all trustee training.
- 76.** Ensure all new trustees receive all relevant documents.

- 77.** Ensure all new trustees undertake an induction and are aware of their responsibilities.
- 78.** Have an annual review of your training. Ask yourself what training you need.
- 79.** Have annual reviews of each other: one-to-one discussions outside of the trustee meetings to discuss whether you are happy, if you have had enough training, etc.
- 80.** Consider attending external seminars. They count as training, you'll learn something, you may obtain a fresh perspective, you get to meet other trustees who may experience the same problems as you, you get to meet other advisors who have different solutions from your advisors (and who will want to be your friend), often you get breakfast or lunch thrown in and they are often FREE.
- 81.** Use the Charity Commission's resources at:
www.charitycommission.gov.uk/trustees-staff-and-volunteers/.
- 82.** Many consultants and providers issue free newsletters. Sign up for the best of these. They provide useful training.
- 83.** Don't sign up to too many free newsletters. An overload of information is often a barrier to learning.

Employee Relationships

- 84.** Ensure HR matters are a standing agenda item, reporting on items such as staff turnover.
- 85.** Remember that the staff is often as committed to the Charity as the trustees.
- 86.** Recognise the difference between operational (staff) and strategic (trustee) responsibility, and with whom they rest. Draw on expertise where available when needed.
- 87.** Ensure appraisals and pay reviews are undertaken, regardless of how many members of staff you may have.
- 88.** As employers, charities need to have due regard to employment law and to be a responsible employer.
- 89.** Don't forget pensions. All employers will soon be required to automatically enrol staff into a pension scheme. This does include charities.

Finance

- 90.** The trustees share responsibility for the charity's finances. Don't be afraid to ask questions to ensure you make informed decisions.

91. A good treasurer or staff member with financial responsibility should be able to interpret the finances and extract the key issues to ensure all trustees understand.
92. Make sure you understand the legalities regarding fundraising activities and give someone the responsibility of keeping up to date and ensuring you understand the rules.
93. If your charity sells goods and services, check on a regular basis that you comply with HMRC rules/tax exemptions.
94. Ensure wills and legacies are dealt with appropriately.
95. Establish authorised signatories for banking, but avoid selecting unavailable trustees as this will introduce unnecessary delay.

Miscellaneous

96. Remember confidentiality. Protect personal data and don't talk too loudly in public places.
97. Consider the advantages of disclosure/transparency to the broader group.
98. Don't ignore an issue because it appears too hard. Get help to understand it.

- 99.** Be aware of your responsibilities regarding Companies House which are in addition to those of the Charity Commission.

- 100.** Being a volunteer does not excuse you from your responsibilities.

Finally

- 101.** Don't forget that this is all about meeting the charity's aims and objectives and ensuring the security of the charity's assets.

Useful links

Charity Commission www.charitycommission.gov.uk

Office of the Scottish Charity Regulator www.oscr.org.uk

Charity Commission of Northern Ireland

www.charitycommissionni.org.uk

Charity Trustee Networks www.trusteenet.org.uk

National Council for Voluntary Organisations www.ncvo.org.uk

Wales Council for Voluntary Action www.wcva.org.uk

Scottish Council for Voluntary Organisations www.scvo.org.uk

Northern Ireland Council for Voluntary Action www.nicva.org

The Civil Society Governance www.civilsociety.co.uk/governance

The Information Commissioner's Office www.ico.org.uk

HMRC www.hmrc.gov.uk/charities

The Institute of Fundraising www.institute-of-fundraising.org.uk

Charity Finance Group www.cfg.org.uk

ICSA www.icsa.org.uk

Who are we?

PTL (Pitmans Trustees Limited) is an award winning supplier of governance services to trusts. We were formed in 1994, which means that we have been able to deliver long term consistent help to our clients.

We act for a great many trusts, as a trustee, as a secretary or as an advisor, and in particular to pension trusts. This means that we bring shared experience and a range of practical solutions to our clients.

We have offices in London, Reading, Leeds and Birmingham with clients throughout the UK.

How we work

People

We recognise that appointments are often made based on personality. We believe that this is entirely appropriate. Consequently we operate in a way that accommodates this. We have a team with broad experience and outlook. The idea is that we provide the personality that matches the needs of any given client.

Platform

We use a standard governance template. This ensures that all of the routine governance functions are carried out in a compliant and timely manner. In other words, we focus on process as well as results.

Using the template also means that we work efficiently; reducing costs and risk and leaving us free to focus on your more complex requirements.

Delivery

Although we use a governance template in respect of routine functions, the service we give to each client is built around their needs. This dual approach means that we can avoid duplication of work (and so cost) and that you are reassured that all of your service providers are acting proactively and competently.

Philosophy

All of our team recognise the importance of pragmatic governance and the exercise of common sense.

Our People

Our people are our strength. We aim to attract and retain the best.

Our services

PTL can act as professional trustee to:

- Pension Schemes
- Charities
- Private or Family Trusts
- Special Purpose Trusts
- Employee Benefit Trusts
- Safe Custody and Escrow Agreements.

To find out more

If you'd like to find out more about PTL or the services that we provide please see our website at www.ptluk.com or call 0118 957 0610 and ask to speak to someone in the Charity Unit.

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www.ptluk.com