

Charity Chairs Checklist

HEMPSONS

Leading Third Sector Lawyers

This publication is for:

- Experienced chairs for updating
- Potential chairs for briefing
- New chairs for guidance
- Trustees to understand
- Volunteers for recruitment
- Management to co-ordinate



Charity Chairs Checklist

The role of the chair is pivotal and has never been so fundamental to the success and survival of the Third Sector.

Our Services

The Third Sector - increasingly referred to as the Civil Society - is a core part of our reputation and we are committed to a continued review to develop our services to meet the rapidly changing needs of the sector.

Our Third Sector solicitors look after our clients with a comprehensive and can-do approach through a dedicated national team working across the firm's four offices.

The Third Sector solicitors at Hempsons are experienced in advising on all elements of charity law and regulation that impact on the sector, including the changes introduced as a result of the Charities Act 2006 and the Companies Act 2006. In addition, our Third Sector solicitors incorporate specialists from across the firm enabling us to advise and assist our third sector clients in every aspect of their operations.

Authors

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“ We are delighted to be ranked in the top 10 of specialist legal advisors to the UK's biggest charities. The continued expansion of our client base demonstrates our long-term commitment to this sector. ”

Ian Hempseed
Head of Third Sector

Introduction

This booklet is a guide to major topics that, together with your own experience and judgement, will help you make your organisation more successful. It is designed to be easily portable, for use at meetings and as a personal workbook.

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The UK Voluntary Sector – NCVO

This information is reproduced by kind permission of the National Council for Voluntary Organisations and is an extract from their UK Civil Society Almanac 2010. The full version is available as at date of publication from www.ncvo-vol.org.uk/almanac2010.

Voluntary Sector Organisations *171 thousand*

Paid Staff *668 thousand*

Formal Volunteers *20.4 million*

Informal Volunteers *30.9 million*

Net Assets *£96.6 billion*

56% of the adult population gave to charity with a median amount per donor of £10.

Authors note:

Nearly 94% of all charities have revenues under £500,000 p.a. and receive around 11% of the total, the next 5% between £500,000 and £5,000,000 account for a further 21%, leaving the top 1% with over 67% of all income.

The UK Voluntary Sector – NCVO

Income	£ billions	%
From Individuals	13.1	37.0
Statutory Services	12.8	36.0
Investments	3.2	9.0
Voluntary Sector	3.0	8.5
Private Sector	2.0	5.6
Trading Subsidiaries	0.9	2.5
National Lottery	0.5	1.4
Total	35.5	100

Expenditure	£ billions	%
Charitable Activities	28.0	85.4
Generating Funds	4.1	12.5
Governance	0.7	2.1
Total	32.8	100

Chair – **Priorities**

- Agree a **role description** with your board and chief executive and review annually.
- Remember that you are the **chair of the charity** as well as the board and communicate the board's role.
- Develop a clear, shared **vision and strategy** and review annually.
- Set the **tone and style** of all contact with management.
- Draw out the **skills and talents** of fellow trustees.
- Act as **sounding board** for colleagues.
- Establish that there are sufficient and **suitable reserves, resources, policies** and procedures.
- Behave as champion for the **business plan** by knowing your market and sector.
- Understand and uphold your **constitution**.
- Be alert to potential **HR and legal issues**.
- Ensure that **decisions** are implemented by management.
- Enable **progress** to be monitored and benchmarked.

Chief Executive – Relationship

- Establish a clear division of **responsibilities** between your role description and the chief executive's job specification.
- Be prepared to act as '**critical friend**' and support professional development.
- Schedule regular one-to-one meetings and develop a mutual **action plan**.
- Agree **board reporting** format and nature of attendance.
- Mutually identify **major issues** and methods for resolving.
- Learn how to handle **disagreements** and deal with them as they arise by accentuating positives.
- Ensure that the **sharing of views** is a proper two-way process.
- When carrying out **annual appraisals**, incorporate trustees' views and aim for the ball – not the player!
- Arrange to attend occasional **management meetings** by agreement.
- Encourage presentations on **key topics** to the board.

Board – Development

- Establish the appropriate **number** of trustees and potential future roles.
- Carry out an inventory of **skills** and identify missing needs.
- When **recruiting**, besides the national voluntary organisations, consider approaching local employers and outplacement companies.
- Prepare an **induction** programme, supervise it personally and gain initial and ongoing feedback from new trustees.
- Recognise **commitment** from colleagues and find ways to motivate ‘non-players’ by asking them to take on relevant projects, or organise their replacement.
- Carry out an annual **review** of board performance (possibly in conjunction with the AGM).
- Build **understanding** between trustees and management by encouraging planned visits.
- Plan **succession** for board roles especially the appointment of a vice-chair as your deputy and potential replacement with an agreed role description.
- Consider setting up **sub-groups** to cover finance/funding, people/operations and communications/marketing – if there are not enough trustees, then find a ‘champion’ for each area.
- Encourage **representative** trustees for linked organisations to add value and contacts through their connections.
- In cases of large boards, use of an **executive group** can improve decision-making – but reporting back to all trustees should be observed.

Meetings – Organisation

- **Types of meetings** – be clear. Are they general, trustees' or special meetings?
- Know your **constitution**:
 - what is the quorum?
 - what percentage of voting is required?
 - do you have a casting vote?
 - is consent from third parties required?
- Consider **how often** meetings are required.
- Who sets the **agenda**? It should be led by you in conjunction with others primarily the chief executive.
- Consider length, time of day and day of week of **meetings** – what suits the majority?
- Set **meeting dates** (where possible) at the start of each year to enable high levels of attendance.
- Agenda and supporting materials should be **circulated** not less than one week in advance of meeting date.
- Consider **prioritising and timing agenda items** – more pressing issues to be considered first and/or decision items first, discussion or update items second.
- **Minutes** are a critical record and drafts should be circulated within one week. Who is present, absent or in attendance? Summary of discussion and record of decision needed. Approved version should be signed by Chair.
- Include one **major topic** for review at each meeting or arrange an annual off site away day.

Legal – Knowledge

- Know and understand the **legal duties, responsibilities and liabilities** of charity trustees.
- In addition, understand the **standards of skill and care** and their relevance to your board.
- Trustees must understand that they share **collective responsibility** and are bound by decisions of the board, regardless of how they voted individually or whether they were present or not.
- **Appointment of trustees** – ask all new trustees to complete and sign a declaration of willingness and eligibility to act.
- Understand the **role of the Charity Commission** and its remit (and those of other regulators, where relevant).
- Remember, trustees can **delegate authority** but not responsibility.
- Consider including **length of service** in trustee role description.

Governance – Detail

- Know your **governing document** and is it still relevant? Key provisions:
 - objects
 - powers
 - meetings
 - decision-making
 - delegation.
- **Induction** of new trustees and **ongoing training** of existing trustees is a legal requirement under SORP (Statement of Recommended Practice).
- **Don't assume knowledge**. Focus on self, and group, improvement.
- Get your **policies and procedures** right, then use and follow them. They are your back up and ensure consistency in your dealings with others.
- Delivery of paid services may carry an expectation or possibly an assessment of good governance – how confident are you of **demonstrating** that?
- Make **good governance the norm** throughout your charity with good practices being seen to be followed by all.

Planning – Strategy

- Consider who should take the **lead** on planning – you, the board, the chief executive?
- How will you tackle it? **Information and guidance** from chief executive to be scrutinised and finalised by board?
- The trustees should feel free to be able to **challenge and robustly discuss** planning issues with the chief executive for an added layer of scrutiny rather than blind reliance.
- Trustees set the **strategic direction** of your charity. Encourage and lead them to think strategically. Are the board considering the right things now? Are they looking to the future adequately?
- **Prioritise issues** according to importance and risk and add to agenda items accordingly.
- **Evaluate and assess** your charity. How can it be improved?
- Constantly **look for opportunities**. Consider and evaluate them carefully.
- When **setting budgets** ensure they are realistic and constantly monitored against actual results.

Procedures – Mechanisms

- The starting point is your **constitution**. What additional layers of policies and procedures does your charity need?
- **Evaluate** existing procedures? Do they work? Are they right? Are they robust enough?
- **Delegation** – consider carefully. Strive for clear delegation, in writing, setting out remit, scope and any decision-making powers not forgetting reporting back requirements.
- **Periodically review** all policies and procedures to ensure they are up to date – particularly relevant for employment and HR matters.
- **Procedures** are there to be followed – otherwise they should be updated or removed, not ignored.
- Maintain a **risk register** and keep up to date.

Change – Control

- Decide whether issues are **strategic or tactical** – the first is for the board and the second for management.
- Develop a **survival strategy** by producing a contingency plan based on ‘what ifs’.
- Produce a **marketing plan** and funders’ perspective to underpin your business plan.
- Ensure the board and management understand the **dynamics** of the sector in which you operate.
- If using **SWOT (strengths, weaknesses, opportunities, threats)** techniques, ensure conclusions are drawn and implemented.
- Use **action planning**, constantly updated and avoid unnecessary agendas, minutes, memos and letters.
- Check **service levels** even for free delivery and listen to users.
- Gain **staff commitment** by clear and frequent communication and never underestimate resistance to change.
- When making **major changes**, ensure that all benefits have been achieved.
- Consider introducing **KPI’s (key performance indicators)** for make or break activities and using a dashboard.

Leadership – Motivation

- Believe in the **ethos** of your charity and make it the focus of your efforts.
- Recognise the **tensions** between charitable objectives and commercial requirements – and balance the outcomes.
- Develop a **communications policy** with trustees and management that reflects your charity's values.
- Create a deliverable **succession plan** for all key participants.
- In agreement with the chief executive, spend time with **team members and volunteers**.
- Ensure that all **stakeholders** are heard and remember that the majority will be volunteers.
- Think laterally in terms of **collaboration or joint ventures** with like-minded organisations.
- You are the **ambassador** for your organisation – a succinct factual summary of the benefits to the community together with important milestones and delivered to the right audiences will always add value.

Personal Checklist – to complete

Chair

Role description

Chief Executive

Board

Meetings

Legal

Governance

Planning

Procedures

Change

Leadership

Events – to complete

January

Review Business Plan

February

March

April

May

June

July

August

September

October

November

December

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Links

Association of Charity Independent Examiners

www.acie.org.uk

Association of Chief Executives of Voluntary Organisations

www.acevo.org.uk

Charities Aid Foundation

www.cafonline.org

Charity Commission

www.charity-commission.gov.uk

Charity Commission for Northern Ireland

www.charitycommissionni.org.uk

National Association for Voluntary and Community Action

www.navca.org.uk

National Council for Voluntary Organisations

www.ncvo-vol.org.uk

Office of the Scottish Charity Regulator

www.oscr.org.uk

Social Enterprise UK

www.socialenterprise.org.uk

Covering every aspect of Third Sector law

We are committed to contributing to the continuing development of the Third Sector. We not only get involved in 'blue sky' thinking, epitomised by our series of round table discussions with recognised leaders in the third sector, but also operate at research and policy level with sector bodies and clients. We are members of ACEVO, the Social Enterprise UK, the Executive Committee of Charity Law Association and take part in their working parties.

We recently wrote the content of the NCVO's toolkit titled, 'Trading: Choosing the Right Legal Form' which is the latest product of their Sustainable Funding Project.

We are at the forefront in assessing the likely legal issues surrounding 'personalisation' in the health and social care sector, and have provided an ACEVO Masterclass on the subject and wrote the main section of the recently published booklet, 'Personalisation: Exploring the Legal Implications'.

We provide well attended free seminars for Chairs and Trustees on current topics.

Who we work with:

- Charities
- Professional bodies
- Learned societies
- Trade associations
- Commercial organisations working with the third sector

“Clients praise the team's 'effective navigation through the muddy waters of charity law.’”
Chambers UK 2011

“The team has 'excellent knowledge; trustees have trust and confidence in the advice provided and also in the individuals providing it!’”
Legal 500 2010

Notes

For further free copies, please contact Catherine Rustomji c.rustomji@hempsons.co.uk.
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