

Voluntary and Community Action

Roles and Responsibilities of Trustees

Development Information Sheet No. 1

July 2008

The purpose of this information sheet is to look at the very important and often challenging job of trustees and committee members and some of the specific duties and tasks that this entails.

This is the first in a range of Information Sheets produced on organisational, management and development issues. Our Development Officer also offers impartial and confidential advice and guidance on a wide range of issues.



Who are the trustees?

Trustees are:

- full voting members of the governing body (management committee)
- entrusted with the assets (money, property, equipment) of the organisation
- directed to operate within a formal set of rules (usually called the constitution).

In small organisations and community groups trustees are often called management committee members. In larger organisations they may be board members, executive committee members, directors or have some other title.

If you are a member of an organisation that has charitable status, then you will be a charity trustee. If your charity is also a company limited by guarantee, then you will also be a director of the charity.

The term 'trustee' is used throughout this document to mean anyone who is a voting member of a management committee or trustee board.

Being a trustee is a form of volunteering. Except in exceptional circumstances, and where allowed

by the organisation's constitution, trustees are not paid and may not receive any personal gain from their role. They should also not be out of pocket for the work they do and should receive payment to cover any expenses.

The role is usually not permanent. Most trustees serve for an agreed period of time at the end of which they will need to stand for re-election or take a break from the role. It is a good idea for trustees to consider re-election carefully to avoid the group becoming over reliant on one person and to allow new people to come in with fresh skills and ideas.

Who Can Be a Trustee?

Trustees come from all walks of life and generally the wider range of people represented on a committee, the better. Most people can become trustees but a few are not eligible:

- anyone under 18 (unless the charity is a registered company)
- anyone convicted of deception or dishonesty, unless the conviction is spent
- someone who is an undischarged bankrupt
- anyone who is disqualified as a company director

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WE HAVE A SAMPLE ROLE DESCRIPTION FOR A MANAGEMENT COMMITTEE AND ROLE DESCRIPTIONS FOR A CHAIRPERSON, SECRETARY AND TREASURER, IN SEPARATE INFORMATION SHEETS

IT IS ESTIMATED THAT THERE ARE OVER A MILLION ADULTS OF ALL AGES, SOCIAL BACKGROUNDS AND WALKS OF LIFE WHO BECOME TRUSTEES AND ANOTHER MILLION PEOPLE SITTING ON THE COMMITTEES OF SMALL COMMUNITY GROUPS.

- anyone who has previously been removed from trusteeship of a charity by the court or the Commissioners.

Before you recruit trustees you must check your governing document for any additional restrictions on the composition of your committee.

For information about trustee recruitment, induction and support see our information sheet "Recruiting Trustees".

What Does a Trustee Do?

Trustees have legal responsibility for the overall direction and decision making in an organisation. They give their skills, time and commitment to provide the 'behind the scenes' management and leadership that forms the backbone of all charitable groups.

If there are no members of staff or other volunteers, the trustees basically run the organisation themselves and do all the day-to-day tasks. If there *are* staff or volunteers the trustees will usually stop delivering the frontline day-to-day services and take on more of a strategic leadership role - thinking about and planning where the organisation is going, how it's going to progress and improve, whether it needs to change, what it needs to keep it going. Either way the trustees have a role in what's called the *governance* of the organisation.

Trustee Responsibilities

Governance is a team task – no one person has the skills, knowledge or wisdom to do it alone. Collectively, the committee or board is responsible for making group decisions to ensure the organisation carries out its

business according to its constitution and good practice. Its key responsibilities are:

Vision and Leadership

Having a shared vision of what the organisation will be about, its mission and values and planning the strategy and direction of the organisation's activities.

Accountability

Being answerable to service users, the wider public, partners and funders.

Setting up and Monitoring Policies

Having clear guidelines and policies so that all members understand the rules and know what is expected of them. This is particularly important where there may be legal obligations to consider such as health and safety or employment law.

Managing People

Making sure that staff and volunteers are well supported and supervised, that relevant personnel policies are in place and new trustees are recruited and inducted when needed.

Managing Finances and Resources

Monitoring spending, minimising financial risks and ensuring the organisation has the funding and resources needed to carry out its activities.

Legal Responsibilities

Keeping to the law and making sure the governing document (constitution or memorandum and articles of association) is followed. Trustees must always act in the best interests of the organisation and avoid conflicts of interest

between their trustee role and other roles. They must also ensure that their group is working within the law. This may involve: charity and company law; health and safety; equal opportunities legislation; employment law; data protection - to name just a few.

Managing Itself

Making sure that the committee functions effectively, that meetings are well run and that all members are involved.

Promoting the Organisation

Enhancing and protecting the reputation of the organisation and being a good ambassador.

Trustee Liabilities

Trustees have a duty of care for individuals – whether staff, volunteers or clients – as well as for the whole organisation. This means taking all reasonable steps to avoid causing injury or harm that could reasonably have been prevented. Trustees of trusts and unincorporated associations can also be held personally liable for the debts or contractual arrangements of the organisation. It is important therefore that all trustees take particular care to make sure that the organisation can meet its financial commitments.

However, very few trustees who have acted honestly suffer financial loss as a result of their trusteeship. There are risks, but they should be kept in proportion.

'If trustees act prudently, lawfully and in accordance with their governing document then any liabilities they incur as trustees can be met out of the charity's resources.' (from Responsibilities of Charity Trustees, The Charity

Commission)

The courts, too, have the power to relieve trustees from liability where they have acted honestly and reasonably. It is unlikely that you will be held personally liable, then, if you always:

- act reasonably
- comply with your governing document
- take appropriate professional advice where you don't know enough to make a decision or where you are required to by law.

The trustees of a charitable company do not normally have personal financial responsibility for contracts and debts incurred. They are not normally individually liable for negligence. This is because a company limited by guarantee is a legal entity in its own right. Agreements and contracts can be taken out in the name of the company rather than the name of individual trustees. Instead, members of a charitable company guarantee to pay a nominal sum, £1 for example, if an organisation becomes insolvent.

Trustees can limit the risk of personal liability by having:

- role descriptions
- induction procedures
- clear lines of responsibility
- budgetary guidelines
- good communication
- trustees who are up to date and skilled to do the job.

The Charities Act 2006 grants the Charities Commission a new power to relieve trustees from personal liability for breach of trust or duty where they have acted honestly and reasonably and ought fairly to



THE MOST IMPORTANT THING ABOUT TRUSTEES IS THAT WITHOUT THEM, VOLUNTARY ORGANISATIONS LARGE AND SMALL COULD NOT CONTINUE THEIR GOOD WORK AND NEW VOLUNTARY ORGANISATIONS WOULD NOT BE FORMED.

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 ANDIRONDAK

be excused. The Act also recognizes that it is reasonable for charities to buy trustee indemnity insurance, and removes most of the obstacles to this. Trustees may pay the premiums with the charity's money, subject to certain limitations and conditions.

What Skills and Experience do Trustees Need?

Committees need a wide variety of skills to govern effectively. These include the 'hard' skills - legal, financial, management and so on - which are necessary to understand some of the complex decisions to be taken. Equally important are the 'soft' skills - encouraging team working, problem solving, asking difficult questions, decision making and maintaining good relationships among trustees and group members.

Perhaps the most important qualities needed by trustees are a commitment to the aims of the group and the time to put the work in to achieve these. Many organisations have an induction process and provide support and training for new or inexperienced trustees to help them to gain the necessary confidence and skills.

Charities increasingly need to be more responsive to the communities they serve. A committee will be

stronger if members are from different backgrounds and represent a range of views.

Benefits of Being a Trustee

Trusteeship is a great way to make a significant difference to a charitable group or cause you care about. As a respected and responsible role, it is also a brilliant route to develop new skills, gain more experience and get involved with new networks. It can be hard work but can offer many rewards.

Further Resources on Trusteeship

Charity Commission guidance

CC3 booklet – Responsibility of Charity Trustees www.charity-commission.gov.uk/publications

NCVO Governance & Leadership

Lots of downloadable resources for trustees, committees and boards to help them develop their organisations including:

- The Code of Governance - launched in 2005, sets out a statement of good practice in governance for the voluntary and community sector.
- Trustee and Management Committee National Occupational Standards Toolkit – focus on the role of governance and forms part of a recognised qualification www.ncvo-vol.org.uk/governanceandleadership

Free E-Learning for Trustees

An interactive, computerised learning programme for new trustees and those wanting to update their skills and knowledge

www.trustee-elearning.org.uk

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How can we help?

Contact our Development Officer if you would like more information on being a trustee or support and training for your management committee or board.

If you are interested in becoming a trustee, please contact our Volunteer Centre who can put you in touch with suitable, local opportunities.

Please give us a call on 01525 850559 or email development@action-centralbeds.org.uk or volunteer@action-centralbeds.org.uk