

Trustees and Management Committee

National Occupational Standards

Pocket-sized edition



skills
THIRD SECTOR



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National Occupational Standards tell you what you need to know to do your job well. There are National Occupational Standards that cover all industries and areas of business. Skills – Third Sector is responsible for developing the National Occupational Standards covering key jobs and roles in third sector organisations, including social enterprises.

These are the National Occupational Standards for trustees and management committee members. They have been developed to encourage good governance throughout voluntary and community organisations. They are part of the series of National Occupational Standards developed by Skills – Third Sector to set the standards for key jobs in the community and voluntary sector including fundraisers, managers of volunteers, campaigners and people who work in organisational development.

They have been produced by people with a wide range of different experiences of working in and being on the boards of voluntary and community organisations, both large and small, and developed in consultation with lawyers, accountants, regulatory bodies and umbrella organisations.

Whether you are a trustee, or are considering becoming one, it is very important that you are clear about what is involved. These National Occupational Standards are designed to help you to understand what is involved in being a trustee and to carry out these responsibilities with confidence.

This pocket-sized edition can be used with the full National Occupational Standards for trustees and management committee members, which have more detailed guidance and resources. You can download the full National Occupational Standards from **www.skills-thirdsector.org.uk**.

How to use this guide

These National Occupational Standards refer you to the legal requirements you need to meet to govern a community and voluntary organisation and outline the professional standards you should be striving for in a wide range of areas, such as equal opportunities, recruitment, and learning and development. They are organised into four units:

- The basic outline of an organisation (what the organisation is there to do)
- The responsibilities involved in running an organisation (what you need to do)
- The requirements of the management committee or board of the organisation (how to function effectively)
- The role and make-up of the management committee or board (how it's organised).

Each unit tells you what documents you need to read and suggests others that you might find useful. We signpost you to the National Occupational Standards that describe the standards expected in other job areas, such as financial management, but that you may also need to know about in your role as a trustee or member of a management committee (see 'Other National Occupational Standards' section).

In this guide we use 'key words' and 'phrases' that appear as *italicised* words throughout. These are words and phrases that have particular meanings for voluntary and community organisations and that you need to know about as trustees. We provide definitions of these key words and phrases at the end of this guide.

These National Occupational Standards have been designed and developed so they can be used in conjunction with *Good Governance: A code for the voluntary and community sector*. While these National Occupational Standards outline the skills and knowledge that trustees need to develop, the Code has a broader role – to set out the principles and practices of good governance in an organisation as a whole. The Code and National Occupational Standards may be used for different things. For example, the National Occupational Standards are useful for individual trustees while the Code is useful for carrying out a governance review for your organisation. For more about the Code, go to www.ncvo-vol.org.uk/governanceandleadership

These units are not compulsory, nor do they represent a legal framework. They are intended as guidance to help you be effective in your role.

Units

Unit 1 – Safeguard and promote the values and mission

This unit is about the role the board of trustees plays in setting out the voluntary or community organisation's long-term direction, upholding its values and supporting the delivery of its aims.

Unit 2 – Determine the strategy and structure

This unit is about present and future strategic planning. It covers decisions about how the voluntary or community organisation's values and mission are expressed in aims and activities, and in the structures and processes needed to implement them.

Unit 3 – Be effective, responsible and accountable

This unit is about trustees working collectively to make sure that their voluntary and community organisation is well-managed, is meeting its aims and needs, achieving good practice and complying with the law. It covers the trustee's role in leading the organisation, and also in making sure the organisation is managed properly and by the best people available.

Unit 4 – Make sure that the board of trustees functions effectively

This unit is about helping the board of trustees to work as a team and reach fair decisions in the best interests of the organisation. This requires a range of people whose skills and abilities will make sure that the voluntary or community organisation's board of trustees functions effectively.

Unit 1 Safeguard and promote the values and mission

This unit is about the role the board of trustees plays in setting out the voluntary or community organisation's long-term direction, upholding its values and supporting the delivery of its aims.

1.1 When safeguarding and promoting the values and mission of the organisation, as trustees you are responsible for:

- being clear about why the organisation exists, what it stands for, and that you promote the *values*, *aims* and *ethos* so that it accomplishes its *mission*
- setting the strategic direction of the organisation
- acting in a manner consistent with the *values* and *mission* of the organisation
- making sure the organisation's *values* and *mission* are clearly stated and can be understood and recognised by *beneficiaries* and *stakeholders*
- regularly reviewing the *values* and *mission* of the organisation to ensure that:
 - they continue to remain valid and relevant, and
 - they take account of changes external to the organisation, for example legal, political and economic changes
- making sure that the *governing documents* reflect the *values* and *mission*
- making sure that the organisation complies with its *objects*
- making sure that the organisation is not unduly influenced by external organisations or individuals

1.2 To carry out these responsibilities fully, as trustees you need to know and understand:

- the *objects* of the organisation, what the organisation stands for, its history and experience, and how it operates
- who the *beneficiaries* and *stakeholders* are, their needs, and how to avoid any *conflicts of interest*
- what a *conflict of interest* means in practice and that a trustee's only responsibility is to the organisation
- the environment in which the organisation operates and how other similar organisations operate
- current legislation and regulations relevant to the organisation and trustees

1.3 To safeguard and promote the values and mission as trustees you need to have read, where applicable:

- your organisation's *strategic plans*
- your organisation's *business plans*
- *governing documents*

Unit 2 Determine the strategy and structure

This unit is about present and future *strategic planning*. It covers decisions about how the voluntary or community organisation's *values* and *mission* are expressed in *aims* and *activities*, and in the *structures* and processes needed to implement them.

2.1 When determining the strategy and structure, as trustees you are responsible for:

- making sure the organisation sets *aims* or legal *objects* that reflect its *values* and *mission*, that look positively to the future and enable the organisation's to achieve its *mission*
- working with any staff the organisation employs to produce a *strategic plan* that meets the organisation's agreed *aims* and intended outcomes
- making sure the organisation has an appropriate *structure* incorporating legal and *governance* frameworks
- making sure there is a programme of *activities* which continually builds on, and makes good use of, the organisation's *resources*
- regularly reviewing and updating the *strategic plan* to keep it fit for purpose
- making sure that the organisation is sustainable

2.2 To carry out these responsibilities fully, as trustees you need to know and understand:

- the advantages, disadvantages and implications for trustees of the different types of legal *structures* for an organisation, as appropriate
- the requirements of the *governing documents*
- the day-to-day nature of work carried out by the organisation
- your organisation's *governance*, management and operational *structure*, and why it is appropriate to the organisation
- the importance of financial planning, budgets and of monitoring income and expenditure, outputs and outcomes
- how to evaluate current and recent performance and what has or hasn't worked
- what it means to run a sustainable organisation by balancing economic, social and environmental considerations

2.3 To determine the strategy and structure of the organisation you need to have read, where applicable:

- the organisation's annual budget
- the organisation's *strategic plan*
- the organisation's *business plan*
- the organisation's annual report

Unit 3 Be effective, responsible and accountable

This unit is about trustees working collectively to make sure that their community and voluntary organisation is well-managed, is meeting its aims and needs, achieving good practice and complying with the law. It covers the trustees' role in leading the organisation, and also in making sure the organisation is managed properly and by the best people available.

3.1 When making sure the organisation operates effectively and responsibly, as trustees you are responsible for:

- identifying, establishing and reviewing *policies* and *procedures*, if applicable, required by law and relevant to the organisation
- making sure there are *policies* covering all major aspects of the organisation and for dealing responsibly with malpractice or misconduct
- making sure that the organisation holds diversity and equality as positive *values* in its *policies* and practice
- appointing and inducting a senior member of staff to undertake specified operational *activities* and ensuring they are supervised, supported and appraised, where appropriate
- making sure that any organisation that employs staff complies with employment law and other relevant legislation, and that it provides opportunities for learning and development
- delegating, when appropriate, specific *activities* with clear instructions about what has been delegated, to whom, for how long and the reporting lines of communication
- making sure the organisation remains financially viable and that all funds raised are:
 - used and allocated wisely
 - used only to further the organisation's *objects*
 - used in accordance with the law and accounting requirements
 - audited annually in line with current legislation
- proactively and regularly reviewing risks to the organisation, and taking appropriate action based on the assessment
- using professional advice when appropriate and keeping any written advice for future reference and guidance
- monitoring the performance of the organisation and its assets in terms of quality and outcomes
- identifying the opportunities and areas that can be improved to benefit the organisation and its *beneficiaries*
- making sure that the organisation is sustainable

3.1 When making sure the organisation operates in an accountable manner, as trustees you are responsible for:

- the organisation complying with current legislative, regulatory and constitutional requirements
- there being proper, clear and accessible communications with key *stakeholders* about the organisation's decision-making and achievements
- making sure the organisation's internal controls, financial controls, performance reporting, *policies* and *procedures* are regularly reviewed by whoever has this responsibility
- making decisions to protect the personnel, assets and property of the organisation so that it can fulfil its *objects*
- making sure the organisation can account for its *activities*, and present information about its *activities* in a way that complies with relevant current legislation

3.2 To carry out these responsibilities fully, as trustees you need to know and understand:

- why it is important that you act prudently, lawfully and in accordance with the organisation's *governing documents*
- the *policies* and *procedures* relevant to the organisation and its *objects*, if applicable
- why it is important that any *policies* and *procedures* comply with current legislation and good practice
- the responsibilities and requirements of employers for organisations that employ staff and/or involve volunteers
- why it is important to managing risk and limit the organisation's exposure to significant risks
- why it is important to have clear guidelines on how to handle *conflicts of interest*
- how to deal with *conflicts of interest* in a proper manner
- the responsibilities and liabilities when communicating about the organisation
- the role of fundraising and other sources of income
- the responsibilities and compliance requirements of the Self Regulation of Fundraising Scheme (see www.institute-of-fundraising.org.uk/bestpractice/selfregulationoffundraising)
- what it means to run a sustainable organisation by balancing economic, social and environmental considerations

3.3 To make sure that the organisation operates in a responsible and accountable manner, you need to have read, where applicable:

- the organisation's annual reports and accounts
- management accounts, including income and expenditure, balance sheet and cash flow
- financial budgets

Unit 4 Make sure the board of trustees functions effectively

This unit is about helping the *board of trustees* to work as a team and reach fair decisions in the *best interests of the organisation*. This requires a range of people whose skills and abilities will make sure that the voluntary or community organisation's *board of trustees* functions effectively.

4.1 When making sure that the board functions properly, as trustees you are responsible for:

- a clear statement of *trustees'* strategic and leadership roles and key functions, along with appropriate role descriptions for the board
- writing role descriptions that record the particular responsibilities of and powers delegated to:
 - identified board members such as Chair, Treasurer, etc.
 - board sub-committees,
 - others with responsibility for specific *activities*
- the *structure* of the board being in accordance with the organisation's *governing documents* and that the board reflects the community and the membership it serves
- the board having a range of skills and experience which the organisation can draw on to help it progress and fulfil its *objects*
- clear *policies* and *procedures* for the recruitment and replacement of board members
- making sure that existing and new *trustees* understand the roles, responsibilities, skills and contributions that *trustees* are expected to make
- inducting new *trustees* and providing opportunities for learning and development
- clear and prompt lines of communication within the board
- making sure the organisation and its key *stakeholders* have a clear understanding of the board's role
- clear and regularly updated rules and *procedures* to determine the conduct of the board and its meetings, and which are in accordance with the law and the organisation's *governing documents*
- *making sure that conflicts of interest* including matters relating to any benefits for *trustees* are recognised, declared and handled in accordance with *policy* and *procedures*
- acting in a manner agreed by the board when representing the board
- making sure that mechanisms are in place for regular:
 - reviews of the board's performance, and
 - *trustee* appraisals by self-assessment

4.2 To carry out these responsibilities fully, as trustees you need to know and understand:

- the principle that all *trustees*, both individually and collectively as a board, are responsible in law for the board's decisions
- the role of the *trustee* in relation to the running of the organisation
- how to recognise and deal with conflicts arising between the board and the officers, the board and the senior managers and between individual board members
- how to recognise, declare and handle *conflicts of interest*
- when to call upon professional advice and where it can be obtained
- when to add to *trustees'* competence through training and development opportunities
- succession planning to ensure the health and competence of the board
- the documents available to provide induction for *trustees*

4.3 To make sure the board of trustees functions effectively you need to have read, where applicable:

- *policies* relating to the functioning and responsibilities of the board
- other *policies* relevant to the operation of the organisation such as equal opportunities, health and safety, and disability and discrimination

Relevant to all units

To carry out your responsibilities, as Trustees you should draw on the following qualities:

- be committed to the purpose, *objects* and *values* of the organisation
- be constructive about other *Trustees'* opinions in discussions, and in response to staff members' contributions at meetings
- be able to act reasonably and responsibly when undertaking such duties and performing tasks
- be able to maintain confidentiality on sensitive and confidential information
- be supportive of the *values* (and ethics) of the organisation
- understand the importance and purpose of meetings, and be committed to preparing for them adequately and attending them regularly
- be able to analyse information and, when necessary, challenge constructively
- be able to make collective decisions and stand by them
- be able to respect boundaries between executive and *governance* functions
- be able to assess the environmental impact and efficiency of the organisation and recognise the impact of climate change on users and communities

You need to have access to, have read and understood, or sought clarification if necessary about:

- the organisation's *governing documents*
- *policies* relevant to the functioning of the board
- *policies* relating to diversity and inclusion
- relevant written operational *policies* and *procedures*
- role descriptions and person specifications for *trustees*, board and officers
- the documentation of the Charity Commission, Office of the Scottish Charity Regulator and the Inland Revenue, where relevant

Key words and phrases

Activities

Anything that is done using the resources belonging to the organisation or anything that is under the organisation's control, including all of its work and services.

Aims

Long-term targets for the future that the organisation works towards achieving.

Assets

The property of an organisation including, for example cash, bank and building society deposits, consumable stocks, trading stocks, debtors and prepayments or any other amounts receivable in the short term; land, buildings, vehicles and equipment and investments held on a continuing basis; copyright and intellectual rights.

Beneficiaries

People who benefit and/or receive services from the organisation.

Best interests of the organisation

There is a legal duty placed on the trustees of an organisation always to act in the best interests of that organisation and in doing so to strike a balance between the interests of both present and future beneficiaries.

Imprudently spending the financial reserves of an organisation on today's beneficiaries might endanger its ability to serve future beneficiaries. On the other hand, setting aside excessive financial reserves may reduce an organisation's ability to deliver benefits now.

Board

This is the organisation's governing body. This may be called the management committee, executive committee or board of directors, or may be referred to by some other title.

The trustee board of a charity is the group 'responsible under the charity's governing document for controlling the management and administration of the charity, regardless of what they are called' (Section 97 of the Charities Act 1993).

Business plan

A document prepared by an organisation's management, detailing the past, present, and future of the company. It generally projects future opportunities for the organisation and maps the financial, operations, marketing and organisational strategies that will enable the organisation to achieve its goals.

Code of conduct

This is a set of written and agreed procedures and rules which govern how the trustees of a board, or management committee, conduct themselves.

Conflict of interest

This situation may be actual or perceived. It applies to an individual in a position of trust which requires them to exercise judgment on behalf of others. A conflict arises where the individual's other interests or obligations make it impossible for them to act judiciously for either party.

A conflict of interest is any situation in which a trustee's personal interests, or interests which they owe to another body, and those of the organisation arise simultaneously or appear to clash.

Ethos

The distinguishing values, beliefs and character of an organisation. The ethos of an organisation may determine the way it treats its staff, volunteers, beneficiaries and customers, and the way it conducts its environmental and legal responsibilities.

Governance

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

Governing documents

Any document setting out the organisation's purposes and, usually, how it is to be administered. It may be a trust deed, constitution, memorandum and articles of association, will, conveyance, Royal Charter, Scheme of the Commissioners, or other such formal document.

Governing documents means any document setting out the organisation's purpose and how it is to be run.

Mission

This is a specific purpose that contributes to the organisation's vision.

Objects

The objects of a voluntary or community organisation are usually contained within its governing documents. They are a legal statement of the purpose of the organisation. If they are wholly and exclusively charitable in law, then the organisation is a charity and subject to charity law and the charity regulator. It is the objects and activities which make an organisation a charity, not registration with the Charity Commission or other regulator.

Policies

There are two types of policies. The first are statements of good practice and procedure which determine the conduct of the organisation, its volunteers and (where relevant) staff, and provide remedies for breaches of that conduct. These often form part of the operational handbook, which can be referred to in the contract, where this is relevant. These often are legal requirements such as an equal opportunities policy and a disciplinary code. Other policies deal with more general issues and are advisory. Examples include financial procedures, recruitment and selection.

Procedures

Procedures need to be written down so that they can be approved and standard, rather than forgotten and re-invented regularly. Procedures are useful for helping maintain quality activities. They can be used for things like governance and delivering services to beneficiaries. Writing and regularly updating procedures can be time-consuming for smaller organisations and the likely benefits should always be weighed against the cost.

Resources

Everything that is available to the organisation to help it be successful in meeting its objects and mission; this includes staff, volunteers, trustees, property, expertise and knowledge.

Risk management

The decision making process that allows organisations to manage potential opportunities and adverse effects effectively. It involves risk evaluation and monitoring so that organisations can either mitigate the risk or apply effective controls.

Stakeholders

Anyone with a significant legitimate interest in the good management of an organisation. These include funders, trustees, volunteers, staff, suppliers, customers (also known as purchasers) and beneficiaries who all clearly have an interest in the proper running of an organisation.

More narrowly, and in its original meaning, stakeholders are those who have invested in an enterprise. In a voluntary and community organisation this would mean the funders and the volunteers (who invest their time) and might be thought to include the staff who invest their careers into an organisation.

Strategy/strategic plan

A broad course of action with an identifiable outcome. This is achieved through a sequence of steps which are monitored and modified so that an organisation can achieve its desired goals and objectives.

It should incorporate the organisation's vision, mission and values statement, where appropriate.

A 'strategic plan' is a timetabled account of the strategy.

Structure

How the organisation is set up. This may indicate a chain of command, titles and areas of responsibility. It could include the number of people involved, or may name them and their responsibilities.

Trustee

Trustees are defined as: "the people who serve on the governing body of a voluntary or community organisation. They may be known as trustees, directors, board members, governors, or committee members or some other title. Trustees have ultimate responsibility and legal obligation for directing the affairs of the organisation and ensuring it is solvent, well-run and delivers the outcomes for which it has been set up." *The Essential Trustee: What you need to know, 2007*, Crown copyright 2007.

Values

A set of principles that the organisation seeks to apply both in setting its mission and aims, and in its day-to-day operations.

Vision

This is the ideal that the organisation is working towards.

Other National Occupational Standards

Financial Services Skills Council

www.fssc.org.uk
Accounting National Standards

Council for Administration (CfA)

www.cfa.uk.com
Business and Administration National Occupational Standards
Governance National Occupational Standards

Employment National Training Organisation (ENTO)

www.ento.co.uk
Personnel National Occupational Standards

Management Standards Centre

www.management-standards.org
Management and Leadership National Occupational Standards

Skills – Third Sector

www.skills-thirdsector.org.uk
Fundraising National Occupational Standards
Volunteer Managers National Occupational Standards
Campaigning National Occupational Standards
Development Worker National Occupational Standards

All available suites of National Occupational Standards can be found at:
www.ukstandards.co.uk



Skills – Third Sector makes it easier for people in charities and social enterprises to have the right skills to make a difference to people and their communities.

We provide information and resources on skills, qualifications and learning for people who work, volunteer and manage third sector organisations.

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