**‘At a glance’ sections for the guide**

**Governance at a glance**

Unsurprisingly, ‘governance’ refers to the way organisations are governed. It captures both legal structures, the way decisions are made, and the policies and procedures in place to support decision making and ensure the organisation is complying with legal and good practice requirements. However, it also encompasses how the board’s skills come together and behaviours that influence decision making. These can have a far bigger impact on how effective the charity is than structures and policies (although both are important). We’ve set out below some aspects of charity governance to guide you on your journey as a new trustee.

**Legal forms**

Charities can take different legal forms and the most common ones are: charitable company limited by guarantee, charitable incorporated organisation (CIO), charitable trust and a charitable unincorporated association.

Incorporated charities have their own legal personality so they can enter into contracts, employ staff and hold land in the name of the charity. Unincorporated charities don’t have their own legal personality so they act through and in the name of individual trustees.

Charitable companies limited by guarantee and CIOs are incorporated charities. A company limited by guarantee is governed by its memorandum and articles of association and is registered and regulated by Companies House as well as the Charity Commission. Charitable companies have to comply with company law as well as charity law.

The CIO is the only legal form designed specifically for charities. CIOs are listed on the Register of Companies, so you can use this to check if a charity is incorporated, but they are not regulated by Companies House and don’t have to follow company law. A CIO is governed by a constitution. There are two different types of CIO: a foundation model has just the trustees as its members; and an association model CIO has a wider membership, as well as the trustees, who are involved in certain decisions.

There are two main types of unincorporated charity. A charitable trust is usually governed by a declaration of trust or a trust deed and decision making is undertaken by the trustees. A charitable unincorporated association, which is governed by a constitution or rules, has a wider membership than just its trustees, who are involved in making some decisions.

**Governing documents**

Whatever the charity’s structure it will have a governing document – such as its articles of association, constitution or trust deed. This sets out how key decisions about the charity are made and what its structure is; for example, what its charitable purpose or ‘objects’ are (this is the statement of what it is set up to do), how trustees are elected or appointed, the powers available to the trustees, and important provisions about how members’ meetings are held (if applicable), how the governing document can be amended, and how the charity can be wound up. It's really important that trustees are familiar with their governing document: if they don't follow it this can invalidate decisions and lead to significant problems.

**Trustee duties**

Charity trustees have specific legal duties which are mentioned at the beginning of our guide *How to Become a Charity Trustee: a Practical Guide* and explained in the Charity Commission’s guidance, CC3: *The Essential Trustee – What you need to know, what you need to do.*

Trustees have collective responsibility and decisions are made by trustees as a group. Decisions don't normally have to be agreed unanimously, but by a majority of those in favour.

**Membership**

As with a charitable unincorporated association, a charitable company and a CIO will have members who have decision making authority alongside the trustees. For some charities this will be a wider group of people who are consulted and vote on key decisions. For other charities, the members are the same people as the trustees but they will make certain decisions in their capacity as members rather than as trustees. Some small, volunteer-led charities or those with a smaller membership may involve members very actively in decisions about what activities the charity should undertake or significant decision such as large items of expenditure. For others, members will be involved in a small range of decisions like electing some or all of the trustees, amending the governing document or deciding to wind up the charity. Some charities will have an informal, non-voting or ‘associate’ group of members instead of or alongside voting members. They are more of a supporter-base and will not have a specific governance role in the charity. As a trustee, you will need to understand what type of membership structure the charity has in place as this will affect how it operates and makes decisions.

Membership charities will usually have an AGM (annual general meeting) once a year when decisions like election of trustees are decided, and the Trustees Annual Report and Accounts are formally presented to members. For many membership charities, holding an AGM is a requirement written into its governing document. A charity may also have other general meetings for its members during the year as well.

CIOs and charitable companies are legally required to maintain a Register of Members. However, this is important for all membership charities, to make sure that people are properly notified of meetings and valid decisions are made.

**Specific ‘officer’ roles**

You may also have some specific roles on your board of trustees. Although they might require a greater time commitment, they do not legally have any greater responsibility or authority than the rest of the trustees.

* **Chair**: they will usually chair trustee meetings and liaise with the CEO or Charity Manager (if you have one) between meetings to provide a sounding board, line management support and agree agendas for board meetings. The Chair will usually be appointed by the other trustees, or possibly members, and might be recruited specifically to fill this role. They do not have any greater authority although they may be the first port of call in an emergency and may need to guide short-term actions. There are therefore likely to make a larger time commitment to the charity. They will also have a key role in ensuring the charity’s governance continues to develop. For example, they may have 1:1 discussions with trustees during the year to check-in on how trustees are fulfilling their role, facilitate discussions about how effectively the board is working, or monitor how often the board is reviewing the skills it needs.
* **Vice Chair**: deputises at trustee meetings if the Chair isn't there. The Vice Chair might also share some of the Chair’s role with them; for example, leading on governance development, to divide up the workload and make best use of people’s skills and experience.
* **Treasurer**: a particular role overseeing the finances of the charity including financial performance and sustainability. The practicalities of the role will vary depending on the size of the charity but might include bookkeeping in a smaller charity, or sitting on or chairing a Finance Committee and acting as a sounding board for the Finance Director or Finance Manager of a larger charity. Although a treasurer will have a particular focus on finances it is critical that all trustees understand the charity’s financial position and use this to inform decision making.
* **Company or Honorary Secretary**: this may be a trustee, or staff member or other volunteer who has a particular role in ensuring that board papers and notices for general meetings are sent out on time, filing obligations are met, and that relevant information and decisions are properly recorded.
* **Lead trustees**: the board may appoint individual trustees to take a particular interest or lead on an area of the charity's activities; for example, safeguarding, fundraising, HR or marketing. As with the treasurer, this doesn't mean they have sole responsibility for that area, but they may gain more in-depth knowledge or use existing expertise to support staff and guide trustees. ICSA The Governance Institute has produced guidance on the pros and cons of having lead trustees.

A charity is not required to have the roles above unless this is specified in its governing document, although it is very difficult for a charity to achieve effective governance without a good Chair. If these ‘officer’ roles are not appointed in the charity, the trustees will need to decide how the tasks they carry out will be undertaken.

**Other groups and delegation**

A charity may also have other groups within its governance structure that support the board's decision making.

* **Committees** may look in more detail at specific aspects of the charity, such as finance, audit, HR or governance. They may have some decision-making authority delegated to them from the board of trustees, but the main function is to give the trustees assurance as they are able to look in more depth at how the charity is operating in certain areas. A committee will often be made up of 2-3 trustees who will be a majority of the committee members but there may be other, independent committee members to provide additional expertise and insight.
* **Advisory groups** are usually stakeholder groups that represent service users or those with specific knowledge, expertise or an interest relevant to the charity’s work. Such groups will usually have an advisory, rather than decision-making, role.
* **Working groups** or **‘task and finish’ groups** are short-term groups made up of trustees and possibly staff or others which have been formed to carry out a specific, time-limited piece of work; for example, to consider proposals for a future strategy in more detail, oversee a building project, or make recommendations to the board on a new governance structure.

Trustees will also delegate to staff (if they have them) and other volunteers to run the charity on a day to day basis and make operational decisions. As a charity trustee it is important to know that, whilst you can delegate authority to someone to make a decision, the board of trustees still has responsibility for that decision. This is why ‘terms of reference’, job descriptions and board minutes can be critical, as they explain the limits of the authority the board has given to an individual or group, including the decisions or actions they can take and how that group will report back to the board of trustees.

There are some decisions that should always be made by the board of trustees because of their significance to the charity. What these are will vary according to the size of the charity but might include decisions to approve the charity’s corporate strategy or to sell or purchase a new property. It can be helpful to have a ‘matters reserved for the board’ document which lists the decisions that cannot be delegated.

**The Charity Governance Code**

The Charity Governance Code sets out best practice for charity governance and can be used as a tool to assess a charity’s governance and where there may be room for improvement. Although charities aren’t legally required to follow it, this should be essential reading for all trustees.

It covers different principles relating to charity governance, and sets out recommended practice and expected outcomes under each principle. There are two versions: one for smaller charities and one for larger ones, although both cover the same principles. It can be used as the basis for an annual self-assessment, an external governance review, or trustees can pick out different principles or recommended practice to explore throughout the year.

**Other governance points**

A couple of other key things to be aware of:

* **Conflicts of interest**: Trustees must act in the best interests of the charity and must put that above their own personal or business interests. If these come into conflict or possibly overlap you may have a conflict of interest or a conflict of loyalty between your responsibility to the charity and other organisations or relationships. It is good practice to maintain a ‘register of interests’ so you can more easily identify connections or relationships that could lead to a conflict of interest. Having a potential conflict of interest or loyalty is not in itself a problem provided it is managed properly. For example, if you do not take any part in decision-making and step out of the room while the other trustees are discussing it.
* **Trustee expenses and payments**: It is a fundamental principle of charity law that a trustee cannot benefit from their charity unless this is properly authorised. This might be from a provision in your charity’s governing document, a power under the Charities Act, or because it's been authorised by the Charity Commission or the courts. However, trustees are entitled to be reimbursed for expenses that they have incurred in carrying out their role; for example, to be reimbursed for travel costs to attend a trustees meeting. The amount of these expenses must be reasonable, for example a standard class ticket not first class for train travel (unless it's cheaper or for other good reason). It must also be for the actual cost - you cannot make a profit or round up expenses. Trustees can't usually be employed by their charity or be paid for providing services unless certain conditions have been met or the Charity Commission has given its consent. You governing document should tell you what powers the charity has for trustees to receive a payment or benefit and the Charity Commission has also published guidance on this.
* **Regulators**: Charities aren’t just required to comply with charity law, but with the law more generally, such as employment law and data protection. As well as being aware of what legislation applies to the charity there may be other regulators relevant to your charity aside from the Charity Commission. For example, Companies House, the Information Commissioners Office, Fundraising Regulator, Health and Safety Executive, Care Quality Commission, Ofsted or the Regulator of Social Housing.

**Find out more**

Charity Commission guidance:

* [CC22a - Charity Types: How to Choose a Structure](https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure)
* [CC3 - The Essential Trustee: What you need to know, what you need to do](https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3)
* [CC29 - Conflicts of interest: A Guide for Charity Trustees](https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29)
* [CC11 - Trustee Expenses and Payments](https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11)
* [RS7 - Membership Charities](https://www.gov.uk/government/publications/membership-charities-rs7)

Other guidance and resources

* [The Charity Trustee’s Handbook](https://www.dsc.org.uk/publication/key-guides-the-charity-trustees-handbook/)
* NCVO’s [The Good Trustee Guide](https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/good-trustee-guide)
* [Charity Governance Code](https://www.charitygovernancecode.org/en/front-page)
* [NCVO](https://www.ncvo.org.uk/) including [guidance for membership charities](https://knowhow.ncvo.org.uk/organisation/operations/membership)
* [Small Charities Coalition](https://www.smallcharities.org.uk/)
* [Association of Chairs](https://www.associationofchairs.org.uk/)
* [ICSA – The Chartered Governance Institute](https://www.icsa.org.uk/)
* [ICAEW Volunteering Community](https://www.icaew.com/groups-and-networks/communities/volunteering)

**Finance at a glance**

**Annual reporting and accounts**

Charities must maintain financial records and produce annual accounts. Most charities must also file a Trustees Annual Report and Accounts together with an Annual Return form with the Charity Commission within 10 months from the end of the charity’s financial year. A charity’s financial year end won't usually follow the tax year and might have been aligned with its activities. For example, an education charity may have its financial year end as 31 July or August to tie in with the academic year. If your charity is a company you must also file your accounts with Companies House but this must be done within nine months of the financial year end. The specific filing requirements for your charity will depend on how much income it has and its legal form. There is more guidance in on the Charity Commission's website in CC15b *Charity Reporting and Accounting: the Essentials*.

There are two types of annual accounts a charity might produce, depending on its income and legal form: simple receipts and payments accounts or accruals accounts. The charity's accounts will usually be subject to some form of external scrutiny before they are filed: either by an independent examiner or an auditor. Again, what is required will depend on the charity’s income.

Accruals accounts comprise a Statement of Financial Activities with income and expenditure (rather than ‘profit and loss’), a Balance Sheet, and Cash Flow Statement together with notes which explain the financial results in more detail.

The **accounts** provide the financial results for the charity such as where its income has come from and how it has been spent. If the charity produces accruals accounts it must comply with the Charities SORP (Statement of Recommended Practice); despite the name, accounting regulations require it to be followed. This sets out what has to be included in the accounts and the accounting treatment the charity must follow. If the charity is producing accruals accounts it is likely to be large enough to have staff and/or external accountants that produce the accounts and can advise the trustees on what should be included.

The **Trustees Annual Report** provides a narrative about the charity’s activities and achievements, its financial performance, its governance, trustees’ plans for the year ahead, and contact and trustee details. Even if you produce simpler ‘receipts and payments’ accounts you still have to comply with the Charities SORP in terms of what is included in the Trustees Annual Report, and there is guidance on the Charity Commission’s website about what to include.

Most charities must also submit an **Annual Return** to the Charity Commission. This includes summary information about the charity’s income and expenditure, what the charity does, who it helps, where it operates, as well as other data the Charity Commission decides to collect from year to year. The information in the Annual Return is used to populate your charity’s entry on the Register of Charities.

**Charity funds**

There are different types of funds a charity might have: unrestricted and restricted; and endowment and income or cash funds.

* **Unrestricted funds** can be used for any of the charity’s activities or purposes.
* **Restricted funds** have limits imposed by donors which restrict how they may be spent; for example, a grant that has to be used for a specific project. Using restricted funds for a wider purpose without proper authority is a breach of trust.
* **Income or cash funds** can be used for both revenue and capital expenditure.
* **Endowment funds** are capital funds that are invested and used to generate income; usually only the income is spent on the charity’s activities. There may be some endowment funds where the capital can be used when there's good reason to do so but for others the capital must be kept permanently (although there are powers under charity law to remove these restrictions in certain circumstances).
* Trustees may also have **designated funds**. Technically, these funds are unrestricted but where the trustees have used their discretion to set them aside to use for a particular purpose or activity.

**Management accounts**

As well as the charity's annual accounts, which must be approved by the trustees, you should also expect to see management accounts throughout the year so you can track the charity’s financial position; for example, on a quarterly basis. As well as showing the charity’s income and expenditure for that period, the management accounts will ideally compare actual figures with the charity’s budget and the results from the same period the previous year, to provide a comparison and help trustees to see how the charity’s finances are performing against their plans. Results for the month or quarter should be included as well as year to date figures.

Charities also need to be mindful of cash flow: the actual flow of cash in an out of the charity might be different to how income is treated on an accounting basis. For example, you might recognise a grant in the accounts because you've signed a grant agreement, but not actually received the money into the charity’s bank account. Ensuring that the charity understands its cash flow position as well as financial performance in its management accounts will be important for good financial management. For some charities this will look very simple, and for others it will be more complex and managed by a dedicated team or member of staff.

**Reserves**

As part of good financial planning, trustees also need to consider the amount of reserves a charity needs. These are the amounts the charity has set aside to meet unexpected expenditure or to enable the charity to wind up properly if it is no longer sustainable. ‘Free reserves’ refers to the amount of unrestricted cash or short-term investments that the charity has available, which it can access quickly if needed. In deciding how much the charity should have in its reserves, trustees can factor in:

* the stability of the charity’s income from different sources
* its cash flow patterns
* the nature of its other assets (including long-term investments and properties)
* the type and timing of its expenditure.

This may change over time as circumstances shift so the level of reserves may change from year to year and should be reviewed by the trustees at least annually.

**Investments**

Trustees have powers to invest the charity’s funds. This may be to generate a financial return to support the charity’s activities, or a social investment where the charity is investing in resources to generate a social return that will directly further its purposes. It can also use a hybrid of these where it receives both a social and a financial return from the investment activity. Charities will often use professional investment managers to advise or manage the charity’s investments, particularly if substantial amounts are invested.

**Financial controls**

Financial and other internal controls are vital to ensuring that charity’s assets are protected and used efficiently - as with any business. They are also a key way of managing risks, for example, making sure cash is counted by more than one person, requiring at least two people to approve expenditure, and reconciling bank or credit card statements with the charity’s expenditure reports.

**Find out more**

Charity Commission guidance:

* [CC15b - Charity Reporting and Accounting: the Essentials](https://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-cc15b)
* [CC8 - Internal Financial Controls for Charities.](https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8)
* [CC19 – Charity Reserves: Building Resilience](https://www.gov.uk/government/publications/charities-and-reserves-cc19)
* [CC14 – Charities and Investment Matters: a Guide for Charity Trustees](https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14)

Other guidance and resources

[Honorary Treasurers Forum](https://www.honorarytreasurers.org.uk/)

[Financial Governance: a Gentle Guide to the Non-financial Charity Trustee](https://www.dsc.org.uk/content/free-book-financial-governance-gentle-guide-non-financial-charity-trustee/)

[Sayer Vincent ‘Made Simple’ guides.](https://www.sayervincent.co.uk/resources/made-simple-guides/)

**Fundraising at a glance**

For most charities, having different sources of income will help the charity spread risk and provide a more sustainable financial position. There are many different ways that charities raise funds and other support: from individuals, government, grant makers and others. Fundraising is not just about generating cash: it's also about building relationships and raising awareness of your charity’s cause and the work it does.

Funds may be raised through:

* Voluntary donations from individuals through online giving platforms, the charity’s website, direct debit, or the traditional collecting tin.
* Fundraising events, individual or group sponsored challenges, or community festivals
* Legacies to the charity.
* Donations from corporate funders, either through employee giving schemes or sponsorship of a particular activity or event.
* Grants from foundations or other grant making trusts (who themselves are likely to be charities).

Charities may also receive income through:

* Contracts, for example from central or local government, to provide services within the local area or nationally. These services may be delivered solely by the charity or in partnership with others.
* Trading: selling goods or services as a way of carrying out the charity’s purposes or to generate income. For example, a theatre or museum selling tickets to a performance and serving refreshments in an interval or café. There are specific rules about the types and amount of trading a charity can undertake.
* Many larger charities in particular may also generate income by selling donated goods in charity shops, through lotteries and raffles or through direct marketing appeals.

A charity may rely on volunteers to carry out fundraising but it may also use third-party agencies, professional fundraisers and/or staff to undertake or manage its fundraising. Trustees have overall responsibility for the charity’s fundraising activities even if there are staff or a third-party agency working with the charity.

To ensure the charity is following good practice in fundraising the charity should follow the **Code of Fundraising Practice**, which also summarises fundraising regulations that charities must comply with and how legal and ethical implications of fundraising can impact on the charity's reputation.

The **Fundraising Regulator** maintains the Code of Fundraising Practice, deals with complaints about fundraising, and manages the Fundraising Preference Service. Larger charities are asked to pay a levy to help fund the Fundraising Regulator. Smaller charities can also voluntarily register with the Fundraising Regulator and can then use the fundraising standards mark.

The **Chartered Institute of Fundraising** is the professional membership body for UK fundraisers and also provides guidance specifically for trustees on their obligations in relation to fund raising.

**Find out more**

Charity Commission guidance

* [CC20 – Charity Fundraising: A Guide to Trustee Duties](https://www.gov.uk/government/publications/charities-and-fundraising-cc20)
* [CC35 – Trustees, Trading and Tax: How Charities may lawfully Trade](https://www.gov.uk/government/publications/trustees-trading-and-tax-how-charities-may-lawfully-trade-cc35)

Other guidance and resources

* [Fundraising Regulator](https://www.fundraisingregulator.org.uk/)
* [Chartered Institute of Fundraising](https://www.institute-of-fundraising.org.uk/home/)
* [Code of Fundraising Practice](https://www.fundraisingregulator.org.uk/code)

**Risk at a glance**

Risks are things that can stop a charity delivering its mission or projects. Trustees need to consider what the charity can do to reduce the likelihood of risks happening and/or make the impact on the charity less severe. Risk includes the risk of missed opportunity as well as threats and things that can go wrong, particularly if the charity is too risk averse or lacks the foresight or agility to respond to risks and issues that materialise.

Both key risks and how the charity mitigates them can be captured in a risk register. It is common to categorise risks into different types; for example, operational, financial, governance and people. Common risks might include a safeguarding incident involving a service-user, theft, staff/volunteer illness, a data breach or non-compliance with other regulations. The charity might consider it unlikely that these things will actually happen but it is the potential for them to occur and the affect they may have on the charity’s strategy, operations and/or reputation that trustees will need to take into account. Trustees should review risks (including those recorded in a risk register) at least annually. The charity will need to identify how it will respond to individual and cumulative risks:

* To **tolerate** the level of risk
* To **transfer** it to someone else such as through an insurance policy
* To **treat** the risk ie. taking action to minimise the likelihood or impact of it occurring
* To **terminate** the activity so that the risk is eliminated

Risk management is constant and dynamic. It should influence decisions throughout the organisation including when considering key decisions in trustee meetings such as whether to start or stop an activity or project. It will help trustees to be better prepared and achieve more for the charity’s service users. The governance framework, financial controls and other policies and operational procedures the charity has in place all feed into risk management.

Depending on the size of the charity, trustees may take overall responsibility for identifying all key risks within the charity or they may focus particularly on those most serious corporate or strategic risks, and delegate to staff to identify and manage operational and/or project risks.

Charity Commission guidance:

* [CC26 - Charities and Risk Management](https://www.gov.uk/government/publications/charities-and-risk-management-cc26)

Other guidance and resources:

* [Sayer Vincent ‘Made Simple’ guides.](https://www.sayervincent.co.uk/resources/made-simple-guides/)
* [Institute of Risk Management](https://www.theirm.org/what-we-say/thought-leadership/charities-and-voluntary-organisations/)

**People at a glance**

People are one of the most valuable resources in any charity (probably the *most* valuable resource). This includes both the people the charity is there to support – who might be called service-users, clients or beneficiaries. It also includes its staff, volunteers and others in partner organisations, funders and other stakeholders that the charity deals with.

Staff and volunteers in particular are a key resource and many charities will use both of these types of people-resource. They are likely to be managed differently but it’s important that both are given clear roles and tasks and the support, resource, training, and accountability to fulfil that role well. Both may also be required to undertake DBS checks (as part of the ‘disclosure and barring’ scheme – previously known as CRB checks) to carry out their role. To comply with good practice the charity is also likely to have some processes in place for people to apply to work or volunteer with the charity and to undertake reference checks. The extent of these will depend on the type of role and what they will be doing.

**Volunteers**

Charities simply couldn’t operate without volunteers, and they’re one of the defining characteristics of the charity sector and many other not-for-profits. [*Taken on* Trust](https://www.gov.uk/government/publications/taken-on-trust-awareness-and-effectiveness-of-charity-trustees-in-england-and-wales), research commissioned by the Charity Commission in 2017, found that 80% of the total number of charities do not have any paid staff and their activities are instead delivered entirely by volunteers.

The trustees might be the only volunteers in your charity or there may be hundreds of volunteers working alongside or instead of paid staff to deliver your charity’s activities for service users, or behind the scenes keeping the organisation working like a well-oiled machine.

This might include:

* One-off volunteering opportunities, where an individual volunteers at a single fundraising event or activity.
* On an ad-hoc or informal basis, offering their time as and when they can, working on events, activities or with discrete projects.
* More formal and long-term volunteering roles that support the day to day functioning of the charity and/or working directly with service users on a regular basis.

Some charities will have just one of these forms of volunteering whilst others will use a mix.

As volunteers can donate significant amounts of time to the charity, they will often have a deep commitment to the cause and their relationship with the charity is based on a ‘psychological contract’ rather than payment. It is no less important that they are treated with respect, a good working environment and suitable support mechanisms than it is for paid staff, and to provide encouragement and celebrate achievements.

**Staff**

The charity may use different types of paid workers including employees, paid office holders, self-employed freelancers or consultants, agency or contract workers. It may also ‘share’ staff with a partner organisation. It is important the charity is clear about the basis on which individuals are undertaking paid work for the charity so that it is complying with its employer obligations including national insurance, pension and HMRC requirements.

Similarly to volunteers, staff will often choose to work for a particular charity because they feel an affinity to the cause rather than because of financial incentives alone (although this will not always be the case). Ensuring that there are good frameworks in place to encourage personal development, good performance management, and opportunities for staff to have input into future plans and to celebrate the charity’s successes will all help to ensure that staff feel valued and are given a work environment where they can achieve their best for the charity and its service users.

**CEO or Charity Manager**

The board will generally delegate to the CEO or Charity Manager the task of managing the rest of the staff and volunteer team (via the charity’s internal reporting structures). Practically speaking, the CEO will usually be line managed by the Chair and the two roles will work closely together in planning board meetings and identifying the relevant information needed by trustees to enable them to make good decisions. The Chair-CEO relationship is therefore very important and the Association of Chairs have produced guidance about how to get this dynamic working well.

Depending on the size of the charity and the amount and nature of people resource it has, trustees may be involved in decisions to recruit new staff or establish new posts, or this may be delegated to the CEO, senior executive team or heads of department. Trustees may be invited to sit on interview panels, particularly for senior staff and/or if it is an area where a trustees has relevant experience (whether lived experience or professional expertise).

Whilst the trustees will need to ensure appropriate policies and procedures are in place, for example, to ensure people are recruited fairly, or to deal with grievances or disciplinary actions, they may delegate to staff to approve and/or implement such policies.

Whatever the size of the charity, trustees will approve the remuneration package for the CEO or most senior member of staff. They may delegate to a ‘remuneration committee’ of trustees to undertake research and benchmarking for similar organisations, but final approval will typically rest with the trustees. Trustees may also approve the remuneration package for senior staff, including annual salary increases. It is good practice to include in the Trustees’ Annual Report the approach the trustees have taken to setting the salary and other benefits for senior staff. There is also some information that must be included in the accounts relating to the number of employees and staff costs, including the number of staff earning more than a certain level.

**Protecting people from harm**

Safeguarding is a very important issue for all trustees. It is imperative that trustees ensure that there are suitable policies and procedures in place to ensure that the charity’s service users are protected from harm. This is particularly the case where the charity’s activities involve children and young people, and/or adults at risk. The charity’s culture is also fundamental, both ensuring that individuals feel valued but also creating an environment where people feel safe to speak out if something doesn’t seem right.

The Charity Commission’s guidance goes beyond what some would typically regard as ‘safeguarding’ and highlights trustees’ responsibilities to staff and volunteers and protecting them from harassment or bullying (which are obviously also important). Although we would like to think that these things never happen in a charity, as with organisations in all sectors, the reality is that people do not always behave as they should do and this also applies in the charity sector too.

As well as ensuring that any issues are dealt with appropriately within the charity, the trustees have responsibilities to report to the Charity Commission details of ‘serious incidents’ that occur within the charity. The Charity Commission has set out criteria about what constitutes a serious incident – which is not limited to safeguarding issues – and the trustees must certify each year in the Annual Return that there have not been any serious incidents that the charity should have reported but hasn’t. Even if an incident has arisen, the Charity Commission will generally try to work with the trustees to minimise the impact; the action the trustees take, and their willingness to learn any lessons arising from the incident, can make a significant difference to how the Charity Commission responds.

**Find out more**

Charity Commission guidance:

* [Safeguarding and Protecting People for Charities and Trustees](https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees)
* [How to Report a Serious Incident in your Charity](https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity)
* [Charity Staff: How to Employ Paid Workers](https://www.gov.uk/guidance/charity-staff-how-to-employ-paid-workers)
* [How to Manage Your Charity’s Volunteers](https://www.gov.uk/guidance/how-to-manage-your-charitys-volunteers)
* [Equality Act: Guidance for Charities](https://www.gov.uk/government/publications/equality-act-guidance-for-charities)

Other guidance and resources:

* [CIPD](https://www.cipd.co.uk/?gclid=EAIaIQobChMI-Ly2iPn_6gIVG-3tCh280A_7EAAYASAAEgJBPfD_BwE) – the professional body for HR and people development
* [Association of Chairs guidance](https://www.associationofchairs.org.uk/beacon/resources-for-chairs/managing_relationships_and_board_dynamics/#aocresources) on the Chair-CEO relationship and appraising the CEO
* NCVO guidance on [Managing People](https://knowhow.ncvo.org.uk/governance/board-responsibilities/managing-people)
* [Association of Volunteer Managers](https://volunteermanagers.org.uk/)