Induction of Trustees

People become trustees of charities for many different reasons: they may be passionate about a particular cause, looking to use their professional skills or considering their own development and have a wish to volunteer.

For the charity, trustees are a vital part of an organisation, ensuring the vision and strategy of the charity are clearly defined and articulated in all its activities. Trustees also safeguard the charity's assets and funds and support the work of the staff to whom they delegate the day to day running of the charity.

So, if a trustee is to be effective, it is vital that they should get to know and then understand their charity, which is why the induction process is so important for all new trustees.

Key elements of the induction process

1. Understanding your legal duties

'The Essential Trustee' (guidance document, CC3, from the Charity Commission) explains the key duties of all trustees of charities in England and Wales, with similar guidance being available from OSCR for trustees of Scottish charities. The full document, CC3 can be found via the following link: https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3

The main duties of a trustee as stated in The Essential Trustee are to:

1. Ensure your charity is carrying out its purposes for the public benefit.
2. Comply with your charity's governing document and the law.
3. Act in your charity's best interests.
4. Manage your charity's resources responsibly.
5. Act with reasonable care and skill.
6. Ensure your charity is accountable.

2. Read and understand your charity's governing document

Every trustee must receive a copy of the charity's governing document and understand what their charity can legally do, its purpose and its structure, considering:

- Is it a charitable company or charitable incorporated organisation (CIO), or an unincorporated trust, for example? And, what do these different structures mean?
- Who are the charity's members?

3. What is the charity for?

Surprisingly perhaps, but this can be a difficult question for some trustees to answer and it is at the heart of knowing and understanding your charity.
As part of a good induction trustees should understand:

- The charity's mission statement.
- Its aims and purpose.
- How its programmes and activities achieve that purpose.
- Who are its beneficiaries and other stakeholders.

4. How does the charity work?

This is about helping the new trustee to understand how the charity operates day to day. It might include:

- Meeting with the other trustees of the charity.
- Understanding how trustee meetings work, by attending as an observer.
- Reviewing the workings of the main Board and any sub-committees, reading minutes of past meetings.
- Being familiar with board policies, for example, risk management.
- Receiving a copy of the organisation's structure.
- Meeting with the senior staff team and understanding their roles and their level of delegated authority for decision-making.
- Attending the charity's events and meeting with beneficiaries.

5. Find out about the financial structure

The induction should include information about how the charity runs, its finances and how it manages its assets and funds. New trustees should understand:

- What cash, investments, and property the charity has.
- Details of any subsidiaries or connected organisations.
- Bank accounts and payment authorisation process.
- IT systems that the charity uses.
- Sources of income and funding.
- The budgeting cycle and how budgets are approved and monitored.

The induction process should include providing new trustees with copies of the latest annual statutory accounts and trustees' annual report, management accounts and budgets. Depending upon their financial knowledge, these may need to be explained such that there is an understanding of what information they provide and how to interpret that information.

Reserves:

- Understand the charity's reserves policy.
- What level of reserves does the charity hold and why?
- What is the mix of reserves: Unrestricted, Restricted, Endowed.
- What are the purposes of the different reserves?

In summary

This article is intended as a suggested route for induction and all charities vary in their size, type and resources and will have different needs. A formalised induction process should be put in place though for all charities, so that new trustees can understand the organisation and their responsibilities. In that way they will be better placed to make a positive contribution to the charity and its beneficiaries.

Contact Us For further information on any of the above, or to discuss your particular circumstances, please contact a member of our agricultural team.

0845 894 8966
azets.co.uk