

## Charity Fact Sheet

### Governance and Structures



**Elliot Harris**  
Charities Partner  
T: 0116 247 1393  
E: eharris@cvcdfk.com

All charities require governance and the basic structure is usually contained within the original constitution of the charity. (If it is a company, this will be based on the Memorandum and Articles of Association). Much detailed guidance is contained within the Charity Commission booklet (CC48) entitled Charities and Meetings but the aim of this short factsheet is to give some practical answers to some frequently asked questions.

**Q. How large should a Board of Trustees be?**

**A.** There is no hard and fast rule. The original constitution (which was often drafted many years ago) contained all those who were originally involved in setting up the charity; each of whom probably had a direct interest in the subject matter. As time has gone by, not only have many of those directly involved disappeared from the scene but many of the duties and responsibilities of modern trusteeship have changed. On the one hand this may involve the need for more people to share responsibility but on the other hand, it can make the decision making more unwieldy. The larger the charity, the more the likelihood will be the need for a greater number of trustees. For example, a national charity may need representatives from a number of different geographical areas or perhaps in the case of a medical charity, representatives of a number of disciplines. In these circumstances, this might take the form of an elected Council out of which a number of core officers may constitute a smaller board of trustees. In our experience, except for the very smallest charities, a minimum number of 5 are reasonable and a maximum number of 15 are workable. Needless to say there will be very effective exceptions to such a range but each charity must consider its own needs.

**Q. How many sub-committees should there be?**

**A.** There is no right or wrong answer to this question. Smaller charities may need few if any sub-committees because of the small volume of activities. The trustees themselves can oversee the charity with the requisite number of meetings per year and without the need to delegate. However, the larger the volume of activity, the more need there is to utilise sub-committees to make best use of the available time of both the trustees and employees of the charity.

**Q. Which sub-committees should there be?**

**A.** The most obvious one is usually a finance sub-committee but it will depend on the charity concerned which other ones are necessary. The following are just a sample of the sub-committees our own clients have in place:-

Audit	Quality Assurance
Employment/HR	Policies and Procedures
Finance and General Purposes	Fund Raising
Publicity	Risk
Investment	Grant Making
Publishing	Remuneration

Different charities will have different needs but all charities will have the need to discuss at least some of these areas and the amount of business on the main trustees agenda for meetings will point to the need for any of this business to be delegated to a sub-committee.

**Q. Once delegated, is responsibility vested in the members of the sub-committee?**

**A.** No-all decisions made by a sub-committee must at least be communicated to the main board of trustees as every decision is ultimately their responsibility. The sub-committee needs to bear this in mind before committing the charity to a course of action although it may be authorised to make certain decisions, in which case we would recommend that it should have specific terms of reference for so doing. However, if the matter is contentious, it should always be referred back to the main board for decision. The sub-committee should however make its recommendations and give its reasons. This will help speed up the decision making process and if the matter is urgent, then if necessary, a special meeting of the main board of trustees can be called.

**Q. Who should be on which sub-committee?**

**A.** The trustees should consider the skills of both the trustees themselves and the relevant members of staff to see how the membership of the sub-committee should be constituted. However, they should ensure that each committee has at least one member who perhaps does not have a direct interest in the subject matter in order to try to give some balance. For example, it is of course advisable to have an experienced finance person on a finance sub-committee but you also need at least one

person without a finance background to give a layperson's perspective. Likewise, consider an external member of a sub-committee where there is a need for some expertise but a lack of resource internally. If you have both a finance and an audit committee then ensure there is no common membership as the former is likely to be more involved in approving more detailed decisions whereas the latter may be more about oversight of controls.

**Q. How frequently should the trustees and any sub-committees meet?**

**A.** Again the answer will depend on individual need and levels of activity. We would suggest that no matter how small the charity, the main board of trustees ought to meet 3 or 4 times a year as a minimum. Any less and the charity could be criticized for lack of activity or lack of oversight. Depending on the use of sub-committees, this number of meetings for larger charities may well be the maximum number needed. Trustees have a finite amount of time available and consequently, that has to be used effectively. As far as sub-committees are concerned, again depending on the size of the charity, 3 or 4 times a year may well be sufficient, particularly with larger charities that have a larger number of employees and an effective executive. Where there are few or no employees and the trustees have to get more involved in the day-to-day life of the charity concerned, such meetings may be more frequent.

**Q. How should each meeting be run?**

**A.** Whether it is the main board of trustees or a sub-committee, each meeting should have an agenda, a chairperson (who if necessary needs a casting vote in the event of deadlock), someone to take minutes and a stated quorum below which the meeting may not proceed or if it does, no decision can be reached without suitable ratification. The first item on the agenda should be a declaration of interest so that any member of the committee with a pecuniary or other relevant interest in an item on the agenda should take no part in the discussion or decision making. There should of course be a review of matters arising from the previous meeting where action was required.

**Q. What sort of minutes need to be produced?**

**A.** A brief flavour of the debate if necessary and a record of the decisions. Where action is required as part of the decision, the minutes should reflect the person(s) responsible for action.

**Q. What place does the Annual General Meeting have in governance procedures?**

**A.** This is the opportunity for the trustees and officers of the charity to explain their stewardship to the members who can then have the opportunity to question the trustees and officers as appropriate. The subject matter for the AGM agenda is usually specified by legislation or the governing document but there is nothing to prevent the trustees adding additional business to the agenda if they feel it appropriate. For companies who are also charities, the companies Act 2006 gave the power to dispense with AGM's but given the public nature of charities we would not recommend this cause of action.

