



# Good Governance for Groups

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# Good Governance for Groups

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Module 1: What is Governance and why is it important?

# What is Governance?

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- ✓ Making sure that a group or organisation is following the law.
- ✓ Making sure that the organisation is doing things properly and following the right rules.
- ✓ Making sure the organisation is doing what it aims to do.

Good governance is about making sure that an organisation is following the law. It is about making sure that the organisation is doing things properly and following proper rules.

Finally it's about making sure the organisation is doing what it was set up to do.




The type of things that Governance covers are:


- Area of work—is the organisation delivering the activities it was set up to do?
- Policies – are the right ones in place and are they being followed?
- Staff – are staff being treated fairly and doing the jobs they are supposed to do?
- Money – is the organisation using its money and/or generating its income properly?

Your notes:

# What is NOT part of Governance?

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-  Deciding what activities or projects your group does
-  Managing group staff and what they do in their jobs
-  Saying what the group can spend its money on



As a People First organisation and therefore member-led, what activities or project your group or organisation does, should always be decided by your members. It is not the role of governance to dictate what activities are done.

Governance is not there to manage staff and decide what they do either. That is the role of managerial staff.

Finally governance is not there to say yes or no to spending group money on something.

Your notes:

# Remember.....

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Governance is not there to tell you what to do or how to do it.



It is there to check that what you are doing is right and legal.

Governance exists to make sure that what your members have decided your group/organisation should do is legal and being done in the right way.

Your notes:

# Why is good governance important?

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It's a legal requirement.



Any organisation, whatever type it is, must follow the relevant law or laws.

So what is the point in Governance if it's not telling you what to do? Quite simply it's a legal requirement and any organisation, whatever type you are, must follow the relevant law or laws.

Governance has to be there so that if there is a complaint or something is being done illegally then there is somebody or a group of people that can be held accountable for that.

Your notes:

## Another important reason

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Funders are more likely to give a group contracts and funding if they can see it is being run properly.



If you have more funding you can run more services and support more members.



The more members you have that are being self-advocates, the louder your voice is in your area.

**A louder voice will make things better for people with learning disabilities.**

Funders are far more likely to give a group contracts and funding if they can see it is being run properly.

If you have more funding you can run more services and support more members.

The more members you have that are being self-advocates, the louder your voice is in your area.

A louder voice will give you a bigger impact and make things better for people with learning disabilities.

Your notes:





# Good Governance for Groups

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Module 2: Different types of groups

# What type of group are you?

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How governance looks and works in an organisation depends on what type of organisation you are.

Your legal structure can have a huge impact on any future activities, such as fundraising, trading or contracting because your legal status is closely linked with how you are governed and regulated.

It can also affect your legal rights as an organisation.

How your Governance looks, what rules it follows and who it answers to depends on what type of group/organisation that you are.

The type of group that you are will affect what fundraising you can do, how you can work with others and what contracts or projects you might be allowed to take on.

Your type of group will also determine what laws you follow and what reporting you have to do.

Your notes:

# What type of group are you?

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## **Unincorporated**

An 'unincorporated association' means you are not registered with the Charity Commission.



You are simply a group of people coming together under a shared interest or activity.

You cannot enter into any legally-binding contracts in the organisation's name.

If you are a community group, local club, or association that is not registered with the Charity Commission, your type of organisation is known in legal terms as an 'unincorporated association'.

This means that even if you have your own name as a group, you are simply a group of people coming together under a shared interest or activity and you have no separate legal identity.

Since your organisation is not a separate legal entity in the eyes of the law, individuals take personal liability for any risk or debts and you cannot enter into any legally-binding contracts in the organisation's name.

Your notes:

# What type of group are you?

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## **Registered Charity**

You have charitable aims and are for the benefit of the public.

The Charity Commission regulates and administers all registered charities in the UK.



A charity is governed by trustees.

Registering as a charity is not a legal form in itself. In order for your organisation to become a separate entity in the eyes of the law, organisations must become 'incorporated'.

If your organisation has charitable aims and is for the benefit of the public, you could be a charity. The Charity Commission regulates and administers all registered charities in the UK, offering much guidance through their website.

A charity is governed by trustees. These will usually have the final say on the work that your organisation does.

Registering as a charity is not a legal form in itself and therefore the trustees are still individually liable if things go wrong. In order for your organisation to become a business in the eyes of the law, organisations must become 'incorporated', choosing a legal structure that is right for them.

Your notes:

# Incorporated forms

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## **Charitable Incorporated Organisation (CIO)**

A CIO is a legal structure regulated by the Charity Commission.

A CIO is governed by Charity Law (not Company Law).

There is no minimum level of income required.



There are two forms of CIO:

Association model – this has a wider membership, including voting members other than charity trustees

Foundation model – the only members are the trustees and there is no wider membership

## **Charitable Incorporated Organisation (CIO)**

A CIO is a legal structure regulated by the Charity Commission that was introduced to help simplify the process for setting up a charity.

A CIO is governed by Charity Law (not Company Law) and the liability of trustees is limited (rather like being a director of a limited company).

There is no minimum level of income required to register as a CIO so a new organisation can immediately apply to be registered at the Charity Commission.

There are two forms of CIO:

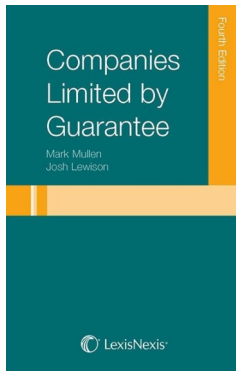
Association model – this has a wider membership, including voting members other than charity trustees

Foundation model – the only members are the trustees and there is no wider membership

Your notes:

# Incorporated forms

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## **Company Limited by Guarantee (CLG)**

A CLG is a private company that puts the money it makes back into the company.

It has its own members but does not have shareholders or shares.

In order to become a CLG you will need to register with Companies House as well as the Charity Commission.

CLG's have to comply with both Charity Law and Company Law.

## **Company Limited by Guarantee (CLG)**

A CLG is a private company that reinvests any profits back into the company.

It has its own members but does not have shareholders or shares – because of this they can apply for charitable status. A CLG means that an organisation becomes incorporated as a legal entity in its own right.

In order to become a CLG you will need to register with Companies House as well as the Charity Commission (this is often done at the same time). This means that CLG's have to comply with both Charity Law and Company Law.

Your notes:

# Incorporated forms

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## **Community Interest Company (CIC)**

A type of company designed for social enterprises that want to use their profits and assets for the public good.

CICs must register with Companies House and satisfy a Community Interest Test.

Must produce an annual Community Interest Report, reporting on their activities for the community and how they are involving the people who use their services in their activities.

## **Community Interest Company (CIC)**

A CIC is a type of company designed for social enterprises that want to use their profits and assets for the public good. CICs cannot be a charity and governance arrangements can vary greatly.

CICs must register with Companies House and also satisfy a Community Interest Test to show the main purpose is to provide benefits to the community, rather than to the individuals, who own, run or work in them.

Each year CICs are required to send a copy of their annual accounts to Companies House. They must also produce an annual Community Interest Report, reporting on their activities for the community and how they are

Your notes:

# Take Home Message

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Whatever type of group you are, you will need to follow the correct law and rules.



You will need to tell the relevant body what you have been doing and share your accounts with them.

Whatever type of organisation that you are, you will need to follow the correct law and rules.

You will need to report usually every year to either the Charity Commission or Companies House and share your accounts with them.

Of course, being People First, you should also share this information with your members.

Your notes:





# Good Governance for Groups

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Module 3: Governing Documents



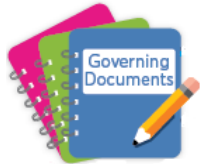
# Governing Documents

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Your group should have a set of rules. They should tell you what the group does and how. Everybody on your board should have a copy of these rules.

These rules can sometimes be called something else and will depend on what type of organisation you are:



- Governing Documents
- Constitution
- Memorandum and Articles
- Trust Deed

But they all mean the same thing.

Every group/organisation should have a set of rules which says what the group should be doing and how. Everybody on your board should have a copy of these rules and it is good practice to make them available to your members too if they want to see them.

These rules can be called different things but will all mean the same thing:

- Governing Documents
- Constitution
- Memorandum and Articles
- Trust Deed

This is a useful website to help with writing a Governing Document.

<https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>

Your notes:

# Governing Documents

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Your governing document should include things like:

- What the organisation is set up to do and how
- Who will run it and what area you cover
- What happens if changes to the governing document need to be made
- What happens if the organisation wants to finish



Your governing document should include things like:

- What the organisation is set up to do and how it will do those things.
- Who runs the organisation and what geographical area you cover.
- What has to be done if the Governing Document needs changing.
- What happens if the organisation needs to wind up/close down (dissolution provision)

Your notes:

# Governing Documents

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- What role the board will play
- How long somebody can serve on the board
- Important meetings (such as your Annual General Meeting)



- How voting happens
- How money is managed

- What role the board will play in your organisation.
- How long can somebody serve on your Board (their term) and how many terms they can serve before having to stand down.
- Requirements and arrangements for important meetings such as an Annual General Meeting (more details on the next slide)
- How votes should be held.
- How money should be managed.

These details are useful and important but consider their wording carefully. For example stating that voting will be “by a show of hands” means that you shouldn’t allow voting by post or polling (eg Zoom or voting buttons). It would be better to say voting will be “by appropriate means for the audience and venue” to give greater flexibility.

Your notes:

# Annual General Meetings (AGM)

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Your Governing Document should cover:



- How often your AGM should happen
- How much notice members should be given about the AGM
- How many people should be at the meeting to make it official

Your Governing Document should give information about the requirement for an Annual General Meeting for your organisation. It should cover:

- How often your AGM should happen (the clue is in the name, it would usually be every year).
- How much notice members should be given about the AGM.
- How many people should be at the meeting to make it official.

Your notes:

# Annual General Meeting (AGM)

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At the AGM, members should:

- Hear reports from the board
- See the accounts for the last year
- Have the opportunity to vote for Board Members



At the AGM, members should hear reports from the board on the achievements and work of your organisation over the year.

The accounts for the last year should also be reported on and depending on the level of income and the type of organisation that you are, these will need to have been checked or audited by an independent person.

Members of your organisation must have the opportunity to vote for Board Members where there are vacancies to fill or existing members need re-appointing if their current term of office has come to an end.

Your notes:

# Take Home Message

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Your group should have a governing document to say what your group should do and how it should be doing it.



This document should be checked regularly and updated if needed.

Every organisation or group should have a Governing Document to say what the group should do and how. These documents should be checked regularly and updated when needed.

Many funders will ask to see these documents to check that you are operating properly and suitably for the type of organisation that you are.

Your notes:



# Good Governance for Groups

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Module 4: The Group Board





# Your Group Board

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The Board is a small group of people who are responsible for the governance of your group. These people are called Board Members.



Board members need to understand what the law says your type of group must do.



Board members should understand your organisation and come from different backgrounds.

The Board is a small group of people who are responsible for the governance of your group. Board members need to understand what the law says your type of group must do.

Board members should understand your organisation and come from different backgrounds. They should have different skills and experiences so that they can understand and help with different things.

It is good practice to carry out a basic DBS check on Board members.

Board members also need to monitor the performance, attitudes and behaviours of staff (particularly your person in charge) to ensure the workforce is doing what they are supposed to do. They need to ensure that staff are being treated equally and fairly and are able to carry out the role they have been employed to do.

Any member of staff should be able to approach a board member if they have an issue that they don't believe is being, or would be, handled correctly and/or fairly by the person in charge of the organisation.

Your notes:

# People with Learning Disabilities on the Board

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It is a good idea to have people with learning disabilities on your board



They will understand how your members feel and what they need.



The person must be able to understand their role and any decisions they are being asked to make.

It is a good idea to have people with learning disabilities on your board as they will understand how your members feel and what they need.

The person must be able to understand their role and any decisions they are being asked to make. They might need support to do this but must not be manipulated or coerced into deciding a particular way by the person supporting them.

However if the person has been assessed as not having the capacity to make some decisions for example about their own finances, it may be difficult for them to make decisions for your organisation at board level.

Your notes:

# Specific Roles and Responsibilities

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## Chairperson



The chairperson needs to understand what type of group you are and make sure that staff are working correctly.

## Chairperson

Your board needs to have a chairperson to be in charge. Sometimes you can have more than one person sharing this position who would then be co-chairs.

The chairperson needs to understand what type of group you are and make sure that staff are working correctly.

They supervise the staff member in charge of your group and sometimes other staff too. They make sure these staff are doing the jobs they are supposed to be doing.

Your notes:

# Specific Roles and Responsibilities

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## Secretary



The secretary to keep records of decisions that the board makes. They will also make agendas and minutes for meetings and send them to board members. They are also responsible for legal compliance.

## Secretary

Your board should have a secretary to keep records of decisions that the board makes. They will also make agendas and minutes for meetings and send them to board members.

The secretary needs to be somebody who is organised and can use a computer or write neatly so that everybody can read and understand the agenda and minutes.

In some types of organisation, they are responsible for legal compliance and can be held to account if illegal activity is taking place.

They are sometimes called the **Company Secretary**.

Your notes:

# Specific Roles and Responsibilities

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## Treasurer



The treasurer makes sure that you are looking after money properly and spending it on the right things.

## Treasurer

Your board must have a treasurer. The treasurer makes sure that you are looking after money properly and spending it on the right things.

The treasurer needs to understand finances and accounting.

In smaller organisations such as a community group or small charities, the treasurer might handle money, dealing with banking and budgeting etc.

In all organisations, the treasurer should check and sign your accounts every year.

Your notes:

# Specific Roles and Responsibilities

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## **Other roles**

You might want to give other members of your board some roles or responsibilities.



These could include:

- Marketing
- Policy review
- Human resources including recruitment of staff
- Welsh language

## Other roles

You might want to give other members of your board specific roles or responsibilities. These might be based on their experience or work outside of your organisation.

These could include:

- Marketing
- Policy review
- Human resources including recruitment of staff
- Welsh language (This is becoming an increasingly important consideration for funders, particularly local and national Government)

Your notes:

# Take Home Message

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Your board is there to check what you are doing is legal and suitable for the aims of your organisation.



Your board does not decide what you do but checks that what you are doing is correct.



Again, a reminder that the Board is there to check what you are doing is legal and suitable. They shouldn't be deciding what you do but checking that your activities and ways of working are correct. That's why it's important to have Board Members with a variety of skills and experience. You can find out more information (in Easy Read) on the role of a Board at <https://www.ncvo.org.uk/accessable-guides>

Your notes:



# Good Governance for Groups

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Module 5: Recruiting and training Board Members



# Recruiting to your Board

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To get a variety of people on your board, you need to recruit people from different places.



- Word-of-mouth so friends or colleagues of your organisation or existing board members
- Companies where staff might have expertise in HR, law or finance for example to get members with specific knowledge
- Adverts in newspapers, online and with your local voluntary council



In order to get a variety of people on your board, you need to recruit people from different places.

You can recruit some people via word-of-mouth so friends or colleagues of your organisation or existing board members. However if everybody already knows each other you risk losing impartiality and a fresh perspective.

You could approach companies where staff might have expertise in HR or finance for example to get members with specific knowledge. Some companies will give their staff paid time off for voluntary activities.

You can place adverts in the media, social media and with your local voluntary council. Think about the type of skills and attributes you are looking for and advertise where people with those skills and attributes are most likely to see it!

Your notes:

# Board Induction

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Board members should be inducted into their role like a member of staff would be.



They should receive copies of important information.



Make sure that the member has understood the information they have been given and what their role is.

Board members should be inducted into their role like a member of staff would be. They should receive copies of the Governing Document for the organisation along with policies, their role profile and other relevant information.

Time should be taken to ensure that the member has understood the information they have been given and the role they are being expected to perform.

Your notes:

# Board Training

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It is important that Board Members have regular training about:

- Their role
- The importance of governance
- Any other topics that might help them to perform their duties better.

It is important that Board Members have access to training about their role, the importance of governance and any other topics that might help them to perform their duties better.

It might be a good idea to invite them along to staff training on issues such as policies, rights and self-advocacy.

Training and team-building events for your Board should be in addition to the business they have to cover rather than take the place of a regular meeting.

Your notes:

# Evolution of the Board

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- As your organisation changes, so too should your Board.



- Your Board needs to be flexible in the way they think and act.

The structure and role of the Board should evolve in line with changes in your organisation.

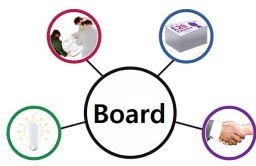
For example if gaps are identified with skills or knowledge these should be filled through training and/or targeted member recruitment.

Your Board needs to be flexible and receptive to change in the organisation, particularly where activities are driven by members.

Your notes:

# Take Home Messages

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You should recruit Board Members with different interests, backgrounds and experiences.



Board members should have an induction and regular training.

Board Members should be recruited with different interests, backgrounds and experiences. To do this you should advertise in different places and using different methods. You should look for people who don't already know the organisation to bring fresh ideas and ways of working.

Like staff, Board Members should have an induction and regular training and be prepared to adapt and change with the organisation.

Your notes:



# Good Governance for Groups

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Module 6: Conflicts of interest

# Conflict of Interest

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A conflict of interest is when a person or organisation has 2 or more interests that could work against each other.

That interest could be a relationship, job or volunteer role.



Somebody's interest or loyalty to one organisation could compete with their interest or loyalty to the other.

A conflict of interest is when a person or organisation has 2 or more interests that could work against each other.

That interest could be a relationship, job or volunteer role and could be different for each organisation e.g. they could work for one organisation and volunteer at another.

Somebody's interest or loyalty to one organisation could compete with their interest or loyalty to the other.

It doesn't mean that somebody can't be involved in more than one organisation but there needs to be a process in place should there be competition for their loyalty at some point.

Conflicts of interest don't just apply to your board. They could also happen with staff or members who have links with other organisations or companies.

Your notes:

# Conflict of Interest

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An example:

A board member could work for an organisation that is competing for the same funding as your organisation.



Who should the board member support?

A board member could work for an organisation that is competing for the same funding as your organisation.

Who should the board member support?

There is no straight answer as supporting one will disadvantage the other. A possible solution may be that the board member should remove themselves from the funding application in both organisations.

Your notes:



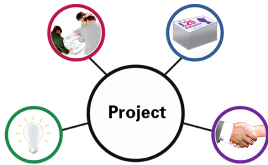
# Conflict of Interest

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An example:

A board member could be using the services of your organisation, particularly if they are a person with a learning disability.



Should they be allowed to vote on the progression of a new project that they will benefit from?

A board member could be using the services of your organisation, particularly if they are a person with a learning disability.

Should they be allowed to vote on the progression of a new project that they will benefit from?

Again, there is no clear solution to this. You may decide that they could talk about the benefits of the project but are not allowed to vote about whether it goes ahead. Or you might decide that they shouldn't be involved at all until the decision is made.

Your notes:

# Conflict of Interest

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An example:

A board member could suggest you pay for the services of an organisation from which they receive money.



How can you be sure you are getting a fairly priced service that compares to other providers?

A board member could suggest you pay for the services of an organisation from which they receive money.

How can you be sure you are getting a fairly priced service that compares to other providers?

Sometimes it can be good to use the services of a close contact as you might get a reduced rate because they know you. However you must check that what you are being charged is fair, compare it to other suppliers and ensure that the service or product is as good or better than what you would get elsewhere.

Your notes:

# How to deal with a conflict of interest

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- Other Board Members must decide what happens.
- Keep a register of interests for all Board Members.
- Review the register regularly

If your board is discussing any issues or ideas where one or more members have a conflict of interest, the remaining board must decide whether those members can take part in discussions and/or vote on the subject.

Your board should keep a register of interests for all their members. It is the legal responsibility of the Board member to declare any interests.

It is good practice to review the register regularly and at the start of each meeting ask for any conflicts of interest with any agenda items to be disclosed.

This is why it is so important that your board is made up of people from a variety of backgrounds and interests.

If lots of people on your board had a conflict of interest with an item that needed to be considered, you might not have enough members left to discuss and reach a decision.

Your notes:

# Take Home Message

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Board Members should be open and honest about conflicts of interest.



Conflicts of interest should be recorded and managed as they happen.

A conflict of interest isn't always going to cause a problem but it's better that everybody is open and honest to prevent any issues.

They should be recorded and managed appropriately on a case-by-case basis.

Conflicts of interest can occur within the board, staff and membership.

Your notes:



# Good Governance for Groups

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Module 7: Summary



# Different types of groups

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Whatever type of group you are, you will need to follow the correct law and rules.



You will need to tell the relevant body what you have been doing and share your accounts with them.

Whatever type of organisation that you are, you will need to follow the correct law and rules.

You will need to report usually every year to either the Charity Commission or Companies House and share your accounts with them.

Of course, being People First, you should also share this information with your members.

Your notes:

# Governing Documents

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Your group should have a governing document to say what your group should do and how it should be doing it.



This document should be checked regularly and updated if needed.

Every organisation or group should have a Governing Document to say what the group should do and how. These documents should be checked regularly and updated when needed.

Many funders will ask to see these documents to check that you are operating properly and suitably for the type of organisation that you are.

Your notes:

# Your Board

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Again, a reminder that the Board is there to check what you are doing is legal and suitable. They shouldn't be deciding what you do but checking that your activities and ways of working are correct. That's why it's important to have Board Members with a variety of skills and experience.

Your notes:



# Board Members

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Board members should have an induction and regular training.

Board Members should be recruited with different interests, backgrounds and experiences. To do this you should advertise in different places and using different methods. You should look for people who don't already know the organisation to bring fresh ideas and ways of working.

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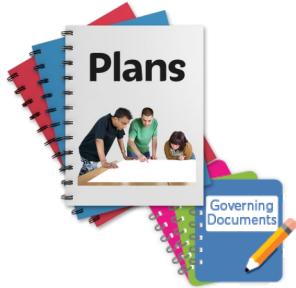
Your notes:

# Why is good governance important?

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It's a legal requirement!



The work you do should always be decided by your members but it is your board's job to make sure the work is done properly and legally.

Governance is a legal requirement and any organisation, whatever type you are, must follow the relevant law or laws. You must report and share your accounts with the appropriate statutory bodies for the type of organisation that you are.

Governance has to be there so that if there is a complaint or something is being done illegally then there is somebody or a group of people that can be held accountable for that.

Your notes:

# Finally.....

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Funders are more likely to give a group contracts and funding if they can see it is being run properly.



If you have more funding you can run more services and support more members.



The more members you have that are being self-advocates, the louder your voice is in your area.

**A louder voice will make things better for people with learning disabilities.**

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If you have more funding you can run more services and support more members.

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A louder voice will give you a bigger impact and make things better for people with learning disabilities.

Your notes:

# Other ways we can help your group

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- MIRROR pack of policies
- MIRROR Leadership Training
- Funding application advice
- Help and support for specific issues

The MIRROR pack of policies contains a wide range of policies that we follow in All Wales People First and can be adapted for use in your organisation.

MIRROR Leadership Training is available to help people know their rights and fight for them. It is available as Powerpoint modules on our website.

We can help with funding applications—sounding out ideas, looking for suitable funders, proof reading and budgeting.

We can also help with other support you might need for specific issues or experiences that your group is facing.

If you'd like any further information about any of this, please get in touch with Philippa Davies, Mirror Coordinator on:

[philippa@allwalespeople1st.co.uk](mailto:philippa@allwalespeople1st.co.uk) or 07399 059 585