Work book for

Young Directors' Scheme

Name.....

Charity .....

IOMEGOLD

Naturezones Wildlife Education Trust

heritage lottery fund
LOTTERY FUNDED

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Introduction and purpose

The Young Directors' Scheme has been started on the Isle of Wight by Naturezones Wildlife Education Trust as a pilot project. The intention is to introduce young people aged 16-25 to the world of the Charity Trustee with the aim of encouraging them to be a regular trustee with a charity of their choice.

Many Charity Trustees have had no training yet their work brings many responsibilities. By giving young people the necessary training as they are introduced to the role, they will bring a much greater understanding to a Board of Trustees and will be better trustees as a result.

Charities are often looking for younger people to join their Boards but have no idea how to reach out to them. This scheme should go some way to bringing the two parties together.

How to use this work book

This workbook is designed to enhance learners' understanding of the role and responsibility of a Charity Trustee, during and outside of the two formal training sessions.

You should work through it carefully, reading the text, undertaking the exercises and going online to find even more information.

Charities can be hugely complicated or very simple. Through this work book we will explore the types of charities, who runs them and how they are run.

If you have any questions, please ask. We have spent over 40 years learning about running charities so we do not expect you to know everything in 2 hours.

You will be expected to have completed the workbook before the awards ceremony when it will be returned to you.

Understanding the charity and not for profit sector

Charities come in all shapes and sizes. Some are small and run entirely by volunteers. These usually serve a local community and support local people or a local cause. They may be set up for a limited time or be over 100 years old.

The first registered charity appeared in the 12th century. Many charities were registered in England in the reign of Queen Elizabeth I. The term 'on the Parish' came about when Parishes gave benefits to poor people or those with a disability. It was a very much loathed term.

Often people who were unable to support themselves due to disability or sickness were given hand-outs but were made to feel like second class citizens. Those who suffered the ultimate indignity of being sent to the workhouse were expected to work for their keep either by doing laundry, cooking, gardening to grow food or in the case of small children, as chimney boys and girls.

On the Isle of Wight it is estimated that there are around 2,000 charities. Some are not active but have not been wound up or closed down. Some are charities because they hold a building, such as a village hall or parcel of land such as a playground 'in trust' for individuals or whole communities.

Nationally, there are over 180,000 charities employing thousands of people

We will be discussing only charities registered in England and Wales as Scotland sometimes has different rules.

The sector into which charities fall has many names:

THIRD SECTOR	VOLUNTARY SECTOR
NOT FOR PROFIT	COMMUNITY SECTOR
CIVIL SOCIETY	CHARITY SECTOR

Can you find any other names for this sector?.....

CHARITIES CAN BE REGISTERED WITH THE FOLLOWING REGULATORY BODIES:

Charity commission,

Charity Commission and Companies House,

Her Majesty's Revenue and Customs.

We will also be discussing Community Interest Companies. These are not charities but are registered not for profit organisations benefitting a particular community.

CHARITIES CAN BE RUN BY

Trustees	Directors	Committee
Members	Board	Any other name they choose

THEY CAN BE CALLED

Registered charity

Registered charity and company

Charitable trust

Charitable incorporated Organisation

An Association

Panel

Social Enterprise

Confused???????????

You are not alone. So are most of the people who run charities.

WHAT'S THE DIFFERENCE?

AN ASSOCIATION

Probably the simplest form of community group.

It is:

Set up for a clear purpose

Has an income of less than £5,000 per year

Is run by a small group of people – often those who set it up – who may call themselves a committee, a panel, a council or any other name they please. They have a constitution or a set of rules by which the club or association is run. Sometimes it is so informal that they do not even have these.

A REGISTERED CHARITY

In England and Wales, if a group or organisation is set up for charitable purposes and has an income (including grants) of £5,000 or more, then it must be registered with the Charity commission. The list of Charitable purposes as described by the Charity Commission is found in appendix 1.

At this stage it is called an **unincorporated charity** This means that it is not registered as a company. All decisions made at committee meetings are binding on all trustees whether they attend the meeting or not. If the organisation does not pay its bills then ALL of the trustees, individually and together are responsible for the debts.

It is run by trustees who are responsible for its management, paying the bills, publicity and fundraising. It cannot have contracts signed in its name and cannot buy or rent property. If the trustees want to rent or buy property or land then it should convert into one of the other organisations that offer corporate liability protection.

It should not employ paid staff. If it does, then should the staff member take the charity to court for, say, unfair dismissal, then again ALL of the trustees could be liable to pay any expenses or compensation.

This type of organisation should not take on contracts from a third party such as the local council or NHS. If it did, and if the contract was not completed properly, then the third party could sue and again ALL of the trustees could find themselves out of pocket and could, potentially, lose their homes or be declared bankrupt.

INCORPORTATED CHARITY

It is registered with Charity Commission and Company's House so is a charity and a company. It answers to two regulators and must comply with Company Law as well as Charity Law. It has to provide two sets of accounts, one to each of the regulatory bodies. This is important otherwise the organisation could be Failure to do so will mean that the organisation is red flagged, named and shamed by the Charity Commission and may incur a monetary fine by Companies House. Its

governing body is a Board of Directors and each director has to be registered with both regulators.

It has the benefit of corporate liability protection. This means that the company can accept contracts from third parties and if the contract is not completed or bills not paid, then it is the company that is sued and not the individual trustees. Likewise the company can purchase property and land and employ staff.

The corporate liability protection does not protect Trustees or staff if they have been acting illegally .

CHARITABLE TRUST

Charitable trusts are set up to hold money, property or land 'in trust' for a specific community and must have charitable purposes (see appendix 1). The trust must not benefit an individual. There are a variety of advantages to charitable trust status, including exception from most forms of tax and freedom for the trustees not found in other types of English trust

Charitable trusts are not allowed to be run for profit, nor can they have purposes that are not charitable. In addition, it is considered unacceptable for charitable trusts to campaign for political or legal change, although discussing political issues in a neutral manner is acceptable. Charitable trusts, as with other trusts, are administered by trustees, but there is no relationship between the trustees and the beneficiaries. This results in two things; firstly, the trustees of a charitable trust are far freer to act than other trustees and secondly, beneficiaries cannot bring a court case against the trustees. The main regulatory body is the Charity Commission.

CHARITABLE INCORPORATED ORGANISATION

Popularly called a CIO, it is a relatively new type of organisation, having taken more than 10 years to get all the legalities sorted.
It is ideal for small organisations which need to be incorporated but for whom the burden of paperwork is too onerous. The organisation is a charity and a company, has corporate liability protection but is only registered with the Charity Commission. It has a constitution as its set of rules. There are two different types and care should be taken in choosing the right one.

COMMUNITY INTEREST COMPANY

This is a special kind of company. It is not a charity, yet benefits a community. The community that it supports can be geographical (ie. concerns a locality) or for a community ~~fo~~ of specific people (i.e. disabled, young,). A CIC has to trade in some way to produce an income. Any surplus (profit) that it makes MUST be used for the benefit of the community it has been set up to help.

A charity is not allowed to trade, it will sometimes set up a CIC as its trading arm with all profits going to the charity.

A CIC is regulated by the CIC Regulator and has all of the advantages of a company. There are many types of CIC and it is important that the governing document chosen is the right one for the type of organisation.

Go to the CIC regulator website and look at the different types of governing documents. (you do not need to read them all). What does it say to you about CICs?

Can you find a CIC in your area? Which community does it serve? How does it raise money?

Look at the table on the next page to see the main advantages and disadvantages of each type of organisation. Can you think of any other advantages or disadvantages? Do you agree with the comments in the table?

Social Enterprise is a term that was coined around the millennium and does not have a specific definition but covers not for profit organisations, charity or otherwise that invest resources (time, money, people, equipment) for community benefit

Advantages and disadvantages of each type of organisation

Type of organisation	Advantages	Disadvantages	Governing document
CHARITABLE INCORPORATED ORGANISATION (CIO)	Can claim gift Aid Limited liability Public recognition as a charity Can enter into contracts and employ people No members Greater variety of grant funds available Free to register No fines for late filing	Registration process lengthy could take 12-18 months for an existing organisation Difficult to get loans If work ceases to be charitable, CIO ceases to exist Trustees cannot be paid Limits on trading	Constitution Model constitution available from charity Commission
COMMUNITY INTEREST COMPANY (CIC)	Easy to set up Limited liability Trading is allowed Directors may be paid Must identify its 'Community'	Can't be a charity Sometimes seen as undemocratic Fees paid to Companies House and CIC regulator Can't claim Gift Aid or other tax benefits	Memorandum and articles of association Model versions available. Choose the right one
CHARITABLE COMPANY LIMITED BY GUARANTEE	No shareholders Charity status- pubic recognition as charity Limited liability Can claim gift aid on donations Can get loans More grant funders available Can employ staff and enter into contracts Trustees can be paid for services but with restrictions	Regulated by Charity Commission and Companies House Have to notify both of changes to governing document, changes to Board Submit accounts to both with fines for late payment to Companies House. Fee payable to Companies House each year	Memorandum and articles of association Model version available
NOT FOR PROFIT CHARITY REGISTERED WITH HMRC	Organisation is its own 'person' Can enter into contracts and employ people No charity commission regulation	Not all funders available Can't claim gift aid Most funding is restricted limiting growth and development Some grants not available	Memorandum and articles of association
CHARITY UNINCORPORATED ASSOCIATION	More funders available Can claim gift aid Having charity commission registration number makes potential donors feel comfortable Simple Accounts	Trustees cannot be paid Trustees liable individually and together for legal liabilities Cannot employ staff, own land or buildings Cannot enter into contracts except with individual trustees Falls under charity commission regulations/ accounting	Constitution

Who can be a Trustee/Director and who can't.

The Charity Commission has a must read publication No. **CC3** which is called **The essential trustee: what you need to know, what you need to do**. The information in blue on this page is taken directly from that document.

You must be at least 16 years old to be a trustee of a charitable company or a charitable incorporated organisation (CIO), unless the charity's governing document says you must be older.

You must be at least 18 to be a trustee of any other type of charity.

You must not act as a trustee if you are disqualified under the Charities Act. This includes if you:

• are disqualified as a company director

• have an unspent conviction for an offence involving dishonesty or deception (such as fraud) this can include convictions for not paying fares on buses or trains

• are an undischarged bankrupt (or subject to sequestration in Scotland), or have a current composition or arrangement including an individual voluntary arrangement (IVA) with your creditors

• have been removed as a trustee of any charity by the commission (or the court) because of misconduct or mismanagement.

If your charity wants to appoint someone who is disqualified as a trustee, you can apply to the commission for a waiver. Whether the commission can grant a waiver will depend on the particular circumstances. For example, the commission can't grant waivers for disqualifications under company director disqualification or insolvency legislation.

Put simply this means that if you are convicted of a relatively minor offence, your charity can ask the charity commission to allow you to be a trustee as your

conduct since the conviction has been good and that the organisation will benefit from you being a trustee.

It is important that all trustees read and understand this document and ask questions to help them to understand it.

Responsibilities of Trustees and Directors

As a Trustee/director, you must:

Act in your charity's best interests

Comply with your charity's governing document and the law

Ensure your charity is carrying out its purposes for the public benefit

Manage your charity's resources responsibly

Act with reasonable care and skill

Ensure your charity is accountable

What do you think these headings mean for you and your charity?

Download and read a copy of the Charity Commission publication CC3 or ask your charity to supply you with a copy. Write under each heading above what you understand them to mean. If necessary, write on the blank page opposite.

This is the most important exercise in this workbook. Ask if you do not understand it

This page is intentionally blank for your notes relating to the roles and responsibilities of Trustees/ Directors

INTRODUCING THE CHARITY COMMISSION

The Charity Commission is an organisation that regulates what charities are allowed to do and what they are not allowed to do. See www.charity_commission.gov.uk for details of the range of services available.

What the Commission does

It looks at every aspect of the charity sector and makes recommendations for improvement. It will often consult with charity trustees, staff and general public before it makes new rules. A recent example is the changes in fundraising regulations which came after complaints about how some charities were going about their fundraising activities. The Commission made some suggestions on how this could be improved, there was then a consultation period where other views were sought.

The commission also has a whole library of reading material look for a list of publications on the website or type in publications the site search engine.

The Commission has the right to intervene if it thinks a charity is not being run properly. It can remove trustees (sometimes for life). It can also take over the running of a charity if there are not enough trustees. It rarely intervenes unless there are serious problems. The Commission prefers to help charities to sort out problems and to recognise what lessons have been learned.

Look at the charity commission website and find out what it does. Write in here what you understand is its role.

Go to the Charity Commission website www.charitycommission.gov.uk

Click on **search for a charity**

Type in the name of a local charity on the Island and search

What information is publicly available about this charity?

Why do you think this information is available to the public?

Now type in the name of a national charity and look at the information available.

Is it the same or is different information available?

How would the available information on both charities help the public to feel confident, or not, about supporting these charities?

When you join an organisation as a Young Director, what information do you think you should be given? Why?

THE GOVERNING DOCUMENT

These can be called many things but usually it is:

- Constitution
- Rules
- Memorandum and Articles of Association

Go to the Charity commission website and look for **Model Governing Documents.**

Go through each one in turn. You do not need to read each one in full.

Which one of the Model documents relates to the charity to which you have joined?

Does the Model Governing document look anything like your organisation's document?

What does your organisation call its Governing document?

Each paragraph in the document is called a Clause and each clause is numbered to allow for reference and easy searching.

As a Director, you do not need to memorise the whole document BUT you should read it.

What does your organisation call the people who run the organisation?

From the people working at your organisation, and the governing document, can you say how new people are recruited onto the Board? What are your feelings about this?

Every Governing document MUST contain the following:

- How to change any of the clauses
- The objects of the Charity or why it has been set up
- How to close the charity down
- How new members are recruited and elected

Generally speaking, changing the objects of a charity, or the reason why it was set up, will require special permission from the regulating body.

CLOSING DOWN A CHARITY

A charity can be closed for many reasons:

It has served its purpose

It has not been active for a long time

It cannot recruit Trustees

It has run out of money and cannot fulfil its objects.

Can you think of any others?

Go to the Charity Commission website and see if there are guidelines for closing down a charity. If not, can you find them elsewhere?

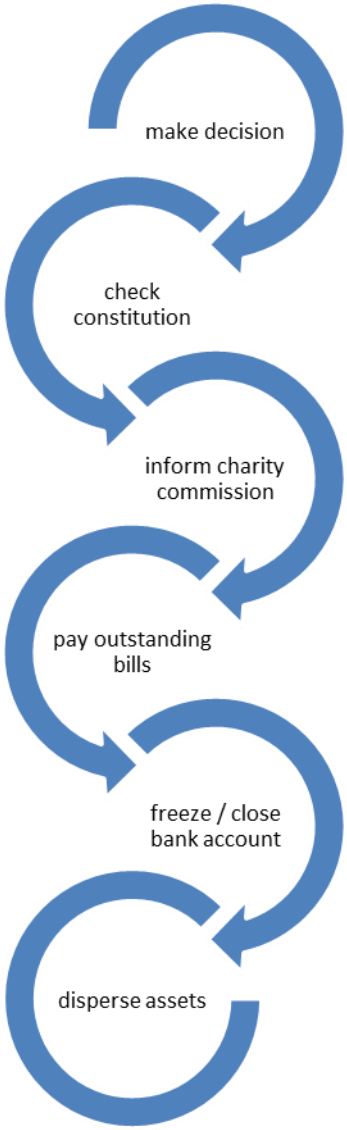
Why might a charity have "served its purpose?"

Why might it be unable to recruit trustees?

If a charity is unable to recruit trustees, it may not have enough trustees to make decisions. Not even the decision to close down the charity, or the decision to recruit more trustees. The Board of trustees cannot write cheques, order goods or pay staff.

The remaining Trustees must contact the Charity commission which will advise on how to move forward.

Procedure for closing down a charity



The charity must not accept or raise funds during the closure period. If the charity commission feel that the trustees have not managed the charity properly, they could impose sanctions on the trustees and even stop them being trustees of a charity in the future.

If a CIC is closing down, there may be slightly different rules as to what can be done with its assets.

WHAT'S THE POINT OF MEETINGS?

WHO DOES WHAT?

Can you say what the different committee or Board roles are and what each person does? Remember that some Boards or Committees may call their officers by different names and not all committees have all of these officers.

Chairman/woman

Vice chair

Treasurer

Secretary

Other committee/board members

WHY HAVE MEETINGS?

What do you think are the main purposes for having meetings? Here are a few suggestions

Make decisions

History of the organisation

Are meetings good for anything else? How do people remember what has been said and decided?

WHAT MAKES A GOOD MEETING?

Make a list here of everything that you think goes to make a good meeting.

To start you off here are a few suggestions

Chairman sticks to agenda

Everyone comes prepared

No one 'hogs' the meeting

A good meeting will not overrun the planned time. People on the committee may have child or elder or other care responsibilities. Someone may have to plan attendance at meetings around public transport. The needs of everyone must be taken into consideration. If a committee member wants to make an

important point on a particular agenda item or feels strongly about a decision that has to be made, then the Chair should make allowances for this and not introduce the item as the person is running out of the room for the last bus.

HOW TO USE AN AGENDA EFFECTIVELY.

An agenda is an important part of any meeting. It tells members of the organisation the purpose of the meeting; what is going to be discussed and often how long each item is expected to take; whether there are decisions to be made and where and when it is to be held.

Some agendas will have more information like who is introducing the item, who has already promised to do something. This last item is often found in the minutes so may not be on the agenda.

Ordinary members of the committee may also ask for items to be placed on the agenda. The chairman will decide whether to permit these items to be discussed depending how important or urgent they may be and how much time is available.

Agenda items should be numbered so that the agenda may be easily followed.

A suggested layout for an agenda. What does your organisation's agenda look like?

ANYTHING CHARITY BOARD OF TRUSTEES MEETING

To be held on 1st April 2000 at 6.30pm

AT THE LOCAL VILLAGE HALL

AGENDA

No	Item	Purpose	Introduced by	Time allocated
1	apologies	To receive apologies for absence	Chair	2 minutes
2	MINUTES			
2a	Matters Arising	To discuss any matters arising from the minutes of last meeting	Chair	5-10 minutes
2b	Approval of minutes	Decision. To approve minutes of last meeting	Chair	2 minutes
3	Chairman's report	For information	Chair	5 minutes
4	Treasurer's report	For information	Treasurer	5 minutes
5	Fundraising calendar	For information and decision	Secretary	15 minutes
6	Purchase of new crockery	Discussion and decision	Joe Bloggs	7 minutes
7	Change of fuel provider	Discussion and decision	Secretary	5 minutes
8*	Any other business	Discussion and information	All	10 minutes
9	Date and time of next meeting			

Not everyone agrees with having Any Other Business on the agenda. It can add a lot of extra time onto the end of the meeting and members may not be sufficiently prepared to give adequate responses. Better to encourage everyone to have items submitted for the main agenda.

WHAT ARE MINUTES?

Minutes are a record of things that happened at a meeting. Why are they called minutes? Well in the days when Parish Councils had a lot more influence than now, the parish clerk was given one minute at the end of each agenda item to write in the minute book the decisions that were made and any other important information. At the end of the meeting, the clerk was asked to read back his (it was always a he in those days) minutes and when everyone approved, the Chairman signed the minutes book that these minutes were a true record of that meeting.

Today's minutes are similar in that they must reflect and record:

Who attended the meeting

Who apologised for not being there

The items discussed

Any decisions made, who proposed and seconded a decision and how the voting went. It should also record if there were any abstentions (people who chose not to vote)

Any promises made to undertake a task.

The Minute taker is often called the Secretary. He or she is usually not a voting member of the committee as it is difficult to take part in discussions and voting if you are also trying to record what is happening. The Secretary takes notes throughout the meeting. *These notes are a legal requirement and may be produced in a court of law if necessary.* Many minute takers make their notes on computer today. The file should be stored as a PDF until the minutes themselves have been distributed, discussed and signed as a true record.

The minutes themselves also form a legal document and may be produced in a Court of Law. The minutes should be printed out and physically signed by the Chair or acting chair at the next meeting. The pages should be numbered consecutively.

Why do you think these last two paragraphs are important? List your thoughts below.

If there are any topics that have not been covered by the training or the workbook, or if you do not understand anything, please contact either your charity or the Young Directors' Scheme.

Community Family Tree

Appendix 1

The 12 Charitable purposes as identified by the Charity Commission, taken from its website. To be registered as a charity, an organisation must demonstrate that it fulfils at least one of these purposes

1.The prevention or relief of poverty

2.The advancement of education

3.The advancement of religion

4.The advancement of health or the saving of lives

5.The advancement of citizenship or community development

6.The advancement of the arts, culture, heritage or science

7.The advancement of amateur sport

8.The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity

9.The advancement of environmental protection or improvement

10.The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage

11.The advancement of animal welfare

12.The promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services

13.Any other charitable purposes. There is a wider description of 'other charitable purposes' on the charity Commission website.

Originally there were only four categories or purposes but the Commission has 'reflected the changes in social conditions' over the years and these became the definitions of a charity in 2013

Appendix 2

The reasons why Minutes should not be stored electronically only are as follows:

Electronic minutes can be tampered with and changed

They cannot be physically signed. An electronic signature or rubber stamp should not be used as its authenticity cannot be guaranteed.

WHERE TO FIND OUT MORE

www.naturezones.org.uk
naturezones@gmail.com
www.charitycommission.gov.uk
www.iomegold.co.uk
admin@iomegold.co.uk
www.smallcharities.org.uk
www.cicregulator.gov.uk
www.cicassociation.org.uk
www.companieshouse.gov.uk

Name:..

Has completed the Young Directors' project

Charity co-ordinator signature:,,,

Date:..

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