



“Multi award winning charity team”  
Annual Charity Finance Survey 2006 - 2010

## not for profit | who should be your new Trustee?

### the team



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Trustee recruitment is an area which has developed in the last decade. Increasing emphasis has been placed on the need for Trustee bodies to be more diverse and more representative of stakeholders. Practice has undoubtedly improved but it is fair to say that some charities do this much better than others.

The key issues are as follows:

### recruitment and selection

The importance of finding the right Trustees should not be underestimated. The Charity Commission guidance sets the tone when it states “Trustees matter a great deal. It is very important for any charity to have Trustees committed to their task and with the skills, knowledge and experience that the charity needs”.

Areas to consider are:

- **responsibilities:** Trustees, rather than staff, need to retain control over the process and must ensure it is an open and efficient process however it is carried out.
- **skills audit:** Assessing the skills required by the board, considering the skills of existing Trustees and then identifying the gaps is a best practice way of identifying the requirements of the new Trustees. This can range from a simple process for small/straightforward charities to a more formal review for larger/more complex charities. It should clearly include consideration of the number of Trustees required to perform effectively.
- **methodology:** Traditional methods of recruitment tend to rely on personal recommendation and word of mouth. However more transparent and inclusive methods would be more appropriate otherwise the catchment of Trustees may be too narrow and they are less likely to meet the needs set out in the skills audit. Alternative methods of recruitment could still be used much more and range from advertising to Trustee brokerage services and networking with other charities.



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If charities follow the advertising route it is important to consider whether cost is proportionate together with ensuring the advert clearly sets out what skills and experience are required. Some forms of advertising are free to charities, for example via ICAEW and ACCA websites.

- **diversity:** diversity within the Trustee board is regarded by the Charity Commission and others as a strong factor in accountability and public confidence. This extends to wider ranges of ages and social and economic backgrounds. Personal recommendation and word of mouth are likely to work against diversity.
- **beneficiary or employee Trustees:** such Trustees can assist with service delivery and improve the management of the charity as well as improving the diversity of the board. However each charity should consider this based on its own circumstances and needs. It may increase the risk of conflicts of interest but these should be manageable with careful consideration. With Trustees who are also employees legal and constitutional restrictions must also be addressed.
- **information:** potential Trustees should be made aware of their responsibilities and should be provided with a fair account of what their role will entail. This should deter those who would be unable or unwilling to fulfil these responsibilities from taking on the role and will ensure they are effective from the outset. A useful tool for this is a Trustee job description which can also be used to complement a skills audit.

## appointment

Once a willing potential Trustee has been identified, certain key areas should be addressed before the appointment.

- **checks:** some people are legally disqualified from acting as Trustees such as undischarged bankrupts. When a new charity registers, the Commission asks the Trustees to sign a declaration that they are not disqualified from acting. The Commission then expects the Trustees collectively to ensure that they do not appoint any individuals who are disqualified from acting. Existing Trustees should therefore ensure that they check the eligibility of new Trustees to ensure they are not legally disqualified. In addition some charities may need to make additional checks for example those working with children or vulnerable beneficiaries.

The requirements for such checks can be difficult to navigate and are subject to change. For guidance, the Charity Commission website is a good starting point.

- **conflicts of interest:** Trustees have to act in the best interests of the charity and it is possible that the Trustees' own interests and the interests of the charity may appear to clash. It is sensible therefore to ensure that any potential conflicts of interest are considered before a new Trustee is appointed particularly if personal interests are significant enough to make it difficult for the Trustee concerned to make a full contribution to the board.

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Once the checks have been made it is important that the new Trustee is properly appointed. Generally this would involve the final agreement of the trustee and the existing board often reflected in the minutes of a board meeting. Once the appointment is made, others such as the Charity Commission, Companies House and professional advisers should be notified.

### induction

All charities need to have an induction programme which is appropriate to the charity and the new Trustee as it will help enable the person to become an effective and valuable board member. The key points are:

- **background information:** new Trustees should be provided with sufficient induction material to ensure they can understand the charitable purposes, financial position and current issues. It should always include the governing document, accounts and recent minutes of Trustee meetings together with the strategic plan if one is available. For more complex charities it may also include the details of the other trustees and senior staff and management structure
- **training:** Trustees' responsibilities are considerable and the legislative and regulatory background is always subject to change. Hence proper training should be considered for both new and current trustees. A number of good programmes exist including haysmacintyre's. See our website for details.
- **evaluation and review:** charities should establish a system so they can measure the effectiveness of the arrangements they have in place.

### conclusion

Appropriate processes for recruitment; selection, appointment and induction of Trustees are relevant to all charities regardless of size. The actual processes will vary and should be proportionate to the charity's needs, size and complexity. All charities should consider the matters above, regardless of size.

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