

Governance

Why is it important to you?

In the context of this publication, governance is the act of managing and implementing the policies and procedures in order to provide a venue for use by the community. Poor governance procedures can result in a poorly managed organisation and subsequently a poor level of service is provided. A shoddily governed organisation is at greater risk of breaching its governing document and relevant laws e.g. Charity Law. However, maintaining good governance procedures will enable a committee to manage effectively, increase the security of the organisation financially, plan for the future, meet legislative requirements and generally provide a good service to its users.

Key Points

Management structures

The majority of village halls across Cornwall have been set up as Charitable Trusts. The management by volunteers of a local community hall which has a couple or no employees is considered to be a low risk activity and so this unincorporated legal structure is deemed appropriate.

As an unincorporated organisation (it has no legal identity) a Charitable Trust cannot hold property in its own right. Therefore, it

must borrow the legal identity of individuals or a corporate organisation to enter into a conveyance, lease or other contract. When individuals provide this role, typically local residents, they are known as Holding Trustees. When a corporate body provides this role, typically the Parish Council or Official Custodian for Charities, it is known as the Custodian Trustee. Holding and Custodian Trustees have no responsibility for the management of the charity and incur no liability resulting from the actions of the management committee. Members of a village hall management committee are the “Charity Trustees”.

Structure of a Charitable Trust holding property:



Some larger community centres, mainly positioned in or around Cornish towns, may employ a manager and other staff or enter into contracts to deliver services to the community. This has a higher level of risk and so it is common for these organisations to incorporate and be Charitable Companies.

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Some venues may be managed by a Residents Association on behalf of its members. The Residents Association will typically be an Unincorporated Association or a Charitable Company.

Governing documents

The governing document of an organisation will set out what it exists to do and provide the administrative procedures to manage the organisation in order to achieve its aims. Governing documents are generically referred to as “constitutions” but technically a constitution is the governing document for an Unincorporated Association. The governing documents for Charitable Trusts and Charitable Companies are the Trust Deed and the Memorandum & Articles of Association respectively.

It is fundamental for a Charity Trustee to act in the best interests of the charity and to follow the governing document. A sound governing document, if followed, will prevent volunteers of a village hall management committee from mismanaging the charity asset and breaking the law. A good governing document for a village hall should at least state:

- the purpose or “Objects” of the charity
- the “Powers” of the management committee
- instructions for holding the Annual General Meeting
- how the management committee will be elected/appointed

- the roles of the Chair, Secretary and Treasurer
- arrangements for committee meetings
- a reference to insuring the charity’s assets
- a reference to keeping accounts and independent examination
- an “Amendments” clause to make official changes to the governing document
- a “Dissolution” clause informing the procedure for winding up the charity, and disposal of the assets.

Policies

In addition to the Governing Document it is important to address the needs of particular users through specific policies. For example, if the village hall is home to a playgroup and there will be regular attendance by young children, then it would be sensible to develop and adopt a Child Protection Policy. Similarly if the hall is used by vulnerable adults with learning difficulties, then a Vulnerable Adult Protection Policy should be adopted.

Policies can be produced for any issue where you wish to maintain consistent improvements to the management of the charity. For example, some halls have developed “Green Policies” in order to reduce the amount of energy used by the charity. Other policies may include a Health and Safety policy, a Fire Safety policy and Volunteer Policy etc.

Personal Liability

Working in accordance to Charity Law, your Governing Document and any relevant policies, and making decisions as a committee will help reduce the risk of personal liability. It is very unlikely that a typical village hall which is not delivering any services other than the provision of a community venue is going to be in the position of having debts greater than the value of the asset. Since the Charities Act of 2006, in response to volunteer concern, the Charity Commission has been able to grant relief from personal liability where the committee has acted honestly and reasonably. In addition there is the option of taking out Trustee Indemnity Insurance.

Model Hiring Agreement

It is very important to ensure that your hirers understand their responsibilities while using the hall. A good hiring agreement will include information about licensed activities in the hall, public safety, conduct in the hall, hirers liabilities etc. Before confirming the booking it is recommended to first receive a signed copy of the hiring agreement proving that the hirer has accepted the conditions of hire.

Charity Commission registration

A village hall is a charity because of its "Objects" whether it is registered or not. Most village halls will be registered charities as until 2007 any charity which occupied land or property was legally obliged to register. The Charities Act 2006 removed the obligation to register unless the annual turnover exceeds £5,000. Registration is recommended for

village halls and community centres as this will attract statutory benefits, aid public relations and many grant giving organizations will only accept applications from registered charities. A charity, registered or not, is a publicly accountable organization and requests from members of the public to view the accounts and or minutes from AGMs can legitimately be made.

FAQs

Our Trust Deed is very old and difficult to understand, can we change it?

It is possible to update governing documents which are no longer appropriate. It is strongly recommended to seek professional advice before doing this to assess whether it is necessary and, if so, to ensure the proper procedure is followed.

Our committee all resigned at the same time and we can't get any new committee members, what do we do?

It is not technically possible for the whole committee (the Charity Trustees) to resign en bloc and leave a charity dormant. In order for the charity to remain functional it must at least be able to form a quorum. If, after exhausting every avenue to source and elect/appoint new Charity Trustees, there is still nobody willing to manage the charity then its viability should be questioned and, as a last resort, dissolution considered.

We don't have the original Trust Deed anymore so have written our own constitution, is this OK?

When Trust Deeds are permanently lost there are no instructions or rules for the organisation to follow. Obviously this is not an acceptable position for the charity and it must be resolved, but it is not a case of drafting up a page of rules and carrying on. Don't forget to check whether Land Registry or the Charity Commission have copies. If not, then advice should be sought as to how best to proceed.

Our Parish Council is the Trustee, so are we as the management committee answerable to them?

You will need to clarify the role of the Parish Council. If the PC is acting as the Custodian Charity for the charity then it has no power over the committee and holds no responsibility for the organisation.

Less often the Parish Council may be the Sole Trustee (where it is also responsible for the management of the charity) and have formed a sub-committee or working party

and delegated responsibility to it. In this case the working party would be answerable to the PC and the PC would have the ultimate responsibility.

Further information

Gov Website and ACRE sheet

ACRE publications (available from CRCC):

- Model Trust Deed for a Village Hall (£10)
- Model Hiring Agreement (£8)
- 17 Trustees Roles and Responsibilities (£2)

Charity Commission

www.charity-commission.gov.uk

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Community Buildings Resource Pack - **Governance**