Decision making



How your board makes decisions

When we talk about the trustees collectively we call them a board of trustees, but they might also be called the management committee or executive committee.

The board are responsible for the governance and strategic direction of an organisation and collectively are liable for the organisation.

Most of the board's work takes place at board meetings where trustees act together to make decisions. You should check your governing document for any rules about decision making and the way that you organise your trustee meetings.

Board decision making should focus on governance issues and not be drawn into detailed day to day issues. In small organisations it is likely that your trustees are also involved in carrying out the everyday tasks and it is important that they separate the work they do as general volunteers and the work that they do as trustees. This is to help make sure the board is carrying out its governance responsibilities.

Other resources

The Charity Commission have issued guidance (including a short video) to help trustees with decision making.

More detailed about the principles of decision making is also available.

Effective board meetings

A board meeting is a formal meeting of the organisation's trustees. The board must meet as often as is necessary to carry out their role of governing the organisation.

You should check whether your governing document sets out any rules about the frequency and procedural requirements for Board meetings and subject to this develop your practice over time, based on the style and preference of trustees.

Board meetings can lose their effectiveness if the board spends too much time on day to day issues or if trustees are not prepared. Here are some key points to help you make your meetings more effective:

- All trustees should be attending Board meetings and engaging constructively with discussions. If that isn't happening then talk to your trustees and see what can be done to improve the arrangements.
- Think about the purpose of the meeting and create an agenda which is sent out in advance to everyone that needs to attend. Make sure that the agenda sets out clearly the issues that need to be discussed and which items are for information and which will need a decision.
- If the meeting requires decisions about lengthy or complicated issues then make sure you send out any background information in advance of the meeting so that the people who are attending can read this and think about the issues in advance. This will make the meeting more effective and support good decision making.
- You will usually have someone chair the meeting, and it is their job to keep the discussion on track and make sure that the items on the agenda are covered. Being a good chair involves a range of skills such as listening, encouraging healthy debate and also being assertive when necessary. It can be a difficult job so make sure that your chair is given the help and support they need to do this well.
- The meeting should be organised so that the trustees can have thorough discussions about governance issues, and not get too drawn into routine matters.

You will need to make a clear record of your meetings (known as Minutes) which are important because they are:

- An agreed record of the decisions made by a meeting. They have legal status as documentary proof that decisions were made and in the right way.
- A reminder of action that people have agreed to take, or a means of checking whether an agreed action has been taken.
- A source of information for people who were not at the meeting.

Other sources of information

The Charity Governance Code includes a section focusing on board effectiveness and how to work as a team of make informed decisions

NCVO – Running good meetings

Charity Commission guidance – Charities and meetings

Other types of meetings

As well as holding board meetings it is possible that your organisation may hold other types of meetings as a way to share information, make decisions and organise how things will be done. The types of meetings that you might hold include:

- Company / membership meetings – these may be required by your governing document and are a formal way to keep your members updated. Your governing document is likely to set out the procedural requirements for the calling and holding of the meeting and the type of business that it needs to cover
- Working group or project meetings – these may be needed to help progress a particular activity or subject area that your organisation is working on. It is important that the Board have delegated responsibility to the working group and that their ability to make decisions is clearly defined

The points about running effective meetings and taking minutes, as set out in the earlier section, will also apply to these other types of meetings.



Effective Annual General Meetings

To learn more about how to run company meetings take a look at our information sheet

Conflicts of interest

A conflict of interest is any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent the trustee from making a decision only in the best interests of the charity.

It is common for conflicts of interest to arise given the relationships between people and other organisations that exist in normal life, and a potential conflict of interest is not a criticism of the individual involved. What is important however is that the conflict is acknowledged and managed. If you fail to do this then you will be acting inappropriately and this would raise serious concerns about trustees' decision making.

It is important to understand that the rules apply to any situation where there is the perception of a possible conflict of interest (even if the trustee themselves might not feel that they are conflicted).

Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to a trustee, or indirectly through a connected person
- a trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

In broad terms a 'connected person' means family, relatives or business partners of a trustee, as well as businesses in which a trustee has an interest through ownership or influence. The term includes a trustee's spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents.

Trustees should handle conflicts of interest using the following steps:

1. **IDENTIFY conflicts of interest**

Trustees:

- each have an individual personal responsibility to declare conflicts of interest which affect them
- should have strong systems in place so that they are able to identify conflicts of interest

2. **PREVENT the conflict of interest from affecting the decision**

Trustees must make their decisions only in the best interests of the charity. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances. In cases of serious conflicts of interest it may mean the trustees deciding to remove the conflict by:

- not pursuing a course of action
- proceeding with the issue in a different way so that a conflict of interest does not arise
- not appointing a particular trustee or securing a trustee resignation

3. **RECORD conflicts of interest**

Trustees:

- should formally record any conflicts of interest and how they were handled
- must, if they prepare accruals accounts, disclose any trustee benefits in the charity's accounts

The Charity Commission have a short guide and video about managing conflicts of interest.

Serious incident reporting for charities

If you are interested in learning more about this then the Charity Commission also have more detailed guidance.

The Charity Commission requires charities to report serious incidents. If a serious incident takes place within your charity, it is important that there is prompt, full and frank disclosure to the Commission. You need to report what happened and, importantly, let the Commission know how you are dealing with it, even if you have also reported it to the police or another regulator.

What is a serious incident?

A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

- harm to your charity's beneficiaries, staff, volunteers or others who come into contact with your charity through its work (who are collectively referred to throughout this guidance as people who come into contact with your charity through its work)
- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work or reputation

For the purposes of this guidance, "significant" means significant in the context of your charity, taking account of its staff, operations, finances and/or reputation.

Who should report?

The responsibility for reporting serious incidents rests with the charity's trustees. In practice, this may be delegated to someone else within the charity, such as an employee or the charity's professional advisers.

However, all trustees bear ultimate responsibility for ensuring their charity makes a report and does so in a timely manner.

For further information on how to spot serious incidents and how to report them take a look at the Charity Commission guidance – How to report a serious incident in your charity.