

Board Member Induction Toolkit



**Development
Trusts Association
Scotland**

A Thriving Community-led Network



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Introduction

This pack has been prepared by DTA Scotland as a guide for development trusts to use for developing their own induction packs for new board members. It should be adapted to each organisation's particular context to ensure board members have all the information they need to feel confident in being able to fulfil their duties as a charity trustee / company director. A new trustee/director may be very familiar with the organisation they are becoming a board member for, they may have volunteered for a time with it or have a specific passion for one element or project within its activities. However, being on the board brings with it both legal and moral duties to understand the inner workings and operations of the organisation. Even board members who have a wealth of experience in other organisations have a duty to understand and build knowledge of the one they are now volunteering with.

When new trustees/directors are brought in, they are given an induction pack, which is worked through with a mentor. This may happen over some time or as suits the inductee without being overwhelmed. A period of three months should allow sufficient time.

We have divided this toolkit into sections and provided links to other training or resources.

In having this information, any new board member should be:

- Clear about the organisation's purpose and what benefit it provides
- Clear about the financial status and operations of the organisation
- Clear about your role within the organisation
- Clear about your responsibilities through company and charitable law
- Prepared to start your new journey as a board member





Governance

About your organisation

This should be a short summary of your organisation. It is likely to be something you use on funding applications, business plan, Companies House, OSCR overview or on publicity information. Who you are, what you do and where you do it.

Governing Document

This will be your Articles of Association if you are a Company Limited by Guarantee (CLG), Rules if you are a Community Benefit Society (CBS) and Constitution if you are a SCIO (Scottish Charitable Incorporated Organisation).

This does not need to be in hard copy, it could be a link to your documents on your webpage or Companies House.

Just be sure any link is to the most up to date version of these documents. This is also a good opportunity for existing board members to familiarise themselves with the organisation's governing document and review whether any updates are required.

Vision and Mission statement

You may or may not have a mission statement or vision, but it can be a useful tool to ensure that there is a clear and common understanding of what the development trust exists to achieve, which is shared between the board, staff, volunteers and the wider community.

A statement like this ensures that a Trust does not become task-led without clear strategic direction. More information on this can be found in our Cultivating Enterprise Toolkit Part 2 (you can access this by contacting your DTAS Development Officer).

For example, DTAS's vision statement is
"a successful development trust in every community"

our mission statement is
"to help local people achieve thriving and sustainable communities."



Governance

Annual report, AGM minutes and accounts

This may be a simple link to your website, which has a section with these uploaded. If you do not regularly upload your AGM minutes and accounts to your website, this may be something you want to consider to ensure that papers are available to be read by everyone. This is particularly important for trustees/directors who are appointed or co-opted throughout the year rather than at an AGM.

Understanding accounts is always difficult at first unless you already have working knowledge. Some development trusts may have a qualified accountant as a board member or employ a Finance Officer; however, every person on the board still has a legal duty to understand and monitor the organisation's financial position.

Normal management accounts or financial reports should be produced for each board meeting.

Have a read of the DTAS Guide to Management Accounts on the Member's Area of the website if you would like further information on understanding management accounts.

Meetings

This section should contain when and where meetings are held, in what format, and when information will be sent beforehand. The push for online meetings has provided additional issues around confidentiality when using personal email addresses. Consider giving board members an email address with an organisation domain or even a generic, e.g. treasureranytownDT@gmail.com. This means that a password change is all that is needed when roles change, and the trail of information is kept.

See our 'Good practice guide for virtual meetings' on the Member's Area of the DTAS website and watch the Chairing Effective Online Meetings webinar which accompanies the notes.

Roles and responsibilities

There are specific responsibilities that board members must undertake within certain roles; this may be filing annual returns, or it may be the lead on HR or fundraising. Use this section to set these out, including the roles and responsibilities which all board members have. It is also important to make sure that everyone on the board has a clear understanding of any working groups or sub-committees and the delegation arrangements for these.

You can find more information about the Roles and Responsibilities of Company Directors in the DTAS Startup Toolkit Appendix 3 and the Roles and Responsibilities of Charity Trustees in the DTAS Startup Toolkit Appendix 4.



Governance

Conduct of board members

Having a code of conduct signed by new board members ensures everyone is following the same rules. A register of interests ensures no conflict of interest in any decision-making. Both documents are discussed within the DTAS Director's Training and are available through your Development Officer. An example code of conduct can be found in the website's Member's Area. Ensure that any new board members understand and are committed to the code of conduct and that you have an up-to-date register of interest.

If you are a charity, you must ensure that any prospective trustee is eligible and not disqualified. If you are a company, you must also check that a prospective director is eligible. Companies House has a list of disqualified company directors. It is good practice to ask potential board members to sign a declaration of eligibility.

If you are an organisation that works with vulnerable people, it may also be worth considering PVG Disclosure. This applies directly to active engagement with beneficiaries, not just charitable objectives.

Summary

This toolkit's "Governance" section provides an essential guide for development trusts and similar organisations, focusing on establishing solid foundations and operational clarity. It highlights the necessity of a concise organisation summary, a versatile tool for funding bids and public communications. The significance of an up-to-date governing document, whether Articles of Association, Rules, or a Constitution, is emphasised as a cornerstone for legal and functional integrity.

Vision and Mission statements are advocated for aligning strategic direction across stakeholders. Transparency and accountability are underscored through the encouragement of accessible Annual Reports, AGM minutes, and financial accounts. The section addresses the logistics and confidentiality of meetings in the digital era, suggesting organisational email addresses for board members and recommending resources for effective online meetings.

It outlines the importance of clearly defined roles, responsibilities, and ethical standards, including a code of conduct and a register of interests, to prevent conflicts and uphold governance standards. This toolkit section is a comprehensive guide to nurturing sustainable, empowered communities through principled governance, reflecting a commitment to excellence and ongoing development.

Operations



Who is Who

This can be a simple organisational chart and contact details or may be a link to the About Us part of your web page. It is worth remembering that new board members may not be aware of all staff members or volunteers, particularly when there are many projects.

List of projects

This should be a brief summary of specific timelines as appropriate to the information in the above section on who is who regarding projects e.g. funding duration and end dates, perhaps where the money is from and whether it is self sustaining or not.

Day to day requirements

If relevant, this should encompass information such as:

1. Office opening hours, keys, alarms etc.
2. Fire alarms and evacuation
3. Printing, postage, phone and email information
4. What expenses you may be eligible to claim, and how to do this

Minutes of last three business meetings

While new board members should have access to all previous minutes this should provide enough information to follow recent discussion and decision making.

General policies and procedures

These should be in a specific paper or electronic folder normally in the office base of the trust, some organisations upload these to a closed section of their website. This is likely to include Health and Safety, Human Resources, GDPR etc



Strategic Overview

Community Action Plan, Business or Strategic Plan

Development Trusts are community-owned and led and should manage the direction of their service or projects through plans. A Community Action Plan is usually generated through consultation within communities and outlines what the community wants and how this will be done.

A strategic or business plan will outline the strategic direction of your organisation and what actions are required in what priority to achieve them.

Duty to OSCR and / or Companies House

Everyone on the board must understand the legal requirements for reporting to the above bodies. If you do not comply, you may be fined.

For more details on this, the Companies House website has guidance on running a limited company, including information on reporting requirements. OSCR also has a webpage on annual monitoring requirements for charities. If you are on a Community Benefit Society board, information on the FCA's reporting requirements can be found on their website

Formal Obligations

Many development trusts have property or assets which allow them to have an enterprising or regeneration activity within their community of benefit. Some of these activities may be funded through loan or service level agreements, it's important that everyone on the board understands these.

What does it mean to be a Development Trust?



Development trusts take various legal forms (CLG, SCIO and CBS being the most common). All development trusts have in common that they are community-owned and led organisations, working to combine community-led action with an enterprising approach to address and tackle local needs and issues. A development trust aims to create social, economic and environmental renewal in a defined geographical area, creating wealth and keeping it there.



What is DTA Scotland?

DTA Scotland is an independent, member-led organisation that aims to promote, support, and represent development trusts in Scotland. Established in 2003, DTA Scotland now has over 300 development trust members – community-led organisations using a combination of enterprise and creativity to improve the quality of life for local people in urban, rural and island communities across Scotland.

As a member of DTA Scotland, you have access to many benefits, including one-to-one support, HR and Legal Advice and lots more; complete information on benefits available to DTAS members can be found within the member's area of the website.

The DTAS team provides information, expert help, and light touch support in governance, organisational development, financial planning and reporting, asset transfer, community ownership, staffing, and community shares. To access this, contact your DTAS Development Officer. In addition, DTAS members can access a range of useful resources through the Member's Area section of the website.

Frequently asked questions & further support



When is the best time to recruit new board members?

Normally, new board members are sought and voted in by the membership at an AGM; however, vacancies can arise at any time. In this case, your governing documents should tell you whether the new board member (appointed or co-opted) has voting rights or not. Appointed board members brought in during the business year should step down at the next AGM for election by the members.

Do board members need liability insurance?

DTAS recommends that development trusts take out trustee/director liability insurance (called Directors & Officers Liability Insurance in the commercial field). Board members are generally protected from financial liability for the organisation through the incorporated structure of the company/charity. However, this doesn't offer protection if individual trustees or directors are accused of wrongdoing. So it is recommended that all companies/charities take out D&O insurance to cover the cost of compensation claims made against board members for alleged wrongful acts. (This insurance would not cover deliberate and/or reckless acts of wrongdoing, nor would failure to insure!). DTAS has a partnership with Keegan and Pennykid, who will provide DTAS members with no-obligation advice on options for insurance coverage and who have published a helpful manual on insurance for charities. You can access the insurance advice service through your development officer. For more information on insurance for development trusts, please see the 2018 webinar from Garry Dalton, Keegan and Pennykid on the website's Member's Area.

Who should join the board?

The answer is practically everyone! The only criteria are that a person supports the organisation's objectives, wants it to succeed, and takes their role and responsibilities seriously. It's essential to have a diverse range of people on a board - having a variety of ages, genders, and backgrounds will ensure no group is excluded and will make the development trust seem more open to the community. It can be helpful to have some specific skills on your board (perhaps someone with experience in accounting and/or with a law background). Still, equally, people with less experience but keen to learn are precious. This induction pack should ensure that even those without prior knowledge of being on a board can be effective board members. A professional background is excellent, but dedication, enthusiasm, energy, and new ideas are often just as important.

As mentioned above, in rare cases, some people may be disqualified from being charity trustees or company directors, so it is worth asking prospective board members to sign a declaration of eligibility.



Where can I find further information and support?

OSCR -

Companies House website - <https://www.gov.uk/government/organisations/companies-house>

Association of Chairs - Information on managing complex board dynamics, working as a team and one-to-one with Trustees (these are not free resources) <https://www.associationofchairs.org.uk/working-with-trustees-one-to-one/>

SCVO has a range of free resources- www.scvo.scot/support/running-your-organisation including a useful Good Governance Checkup and Guidance and Good Practise for Charity Trustees

Community Learning Exchange - Funding to learn directly from other community organisations is available. DTAS can help you access this fund. <https://scottishcommunityalliance.org.uk/our-programmes/community-learning-exchange/>

DTA Scotland - Our website has a wealth of information, resources and experience in governance and board training. Please make the most of it by looking at the resources in the website's members area, asking your DO for Trustee/Director training, and getting in touch when you have questions.

DTAS start-up toolkit - www.dtascot.org.uk/resources/members-only-area

If you can't find your login details for the members area of the DTAS, please get in touch with your Development Officer at DTA Scotland.

DTAS can offer bespoke Trustee/Director training to ensure your board understands its roles and responsibilities. Please get in touch with your Development Officer if you would like to access this.

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