Trustee Academy #7: code of the road

Description

Trustees Learning and Development Programme

Always striving to find a better way through lifelong learning

Introduction

Etiquette is described as ‘the customary code of polite behaviour in a society’. We may consider this in our work as trustees. As a starter, think through the following questions.

1 Do you have an early memory of etiquette?

For me, it’s the code of conduct at my grammar school in Barnsley. We were instructed to walk no more than two abreast as we made our way to and from school. Also, it was imperative to wear the school uniform – especially the cap – between school and home. Either breach would result in an automatic detention from a prefect.

2 Do you have an early memory of trustees?

In the church of my youth, the trustees were a group of elderly men who met as though they belonged to some secret society.

3 How has the pandemic changed your view of how trustees meet/work?

In early 2020, at the height of lockdowns, I was presented with a challenge to understand this new thing called ‘Zoom’. The church I was leading at the time planned that the leadership team could meet on Zoom and continue church business normally reserved for the church council.

The point of this reflection is to observe that over time, etiquette is something that evolves, while continuing to maintain essential principles and values. My hope is that this month’s L&D will stimulate our creative thinking about how we operate as a board – and how we relate to the stakeholders who look to us for direction in these complex times.

Alan

Legal and Governance

Board etiquette

In 2016/17 the Board carried out a governance review which included a Code of Conduct. It is also in the Convene Board Induction Pack. Much has changed since then, so it’s time for a review.

The second document is a sample Trustee Code of Conduct from the NCVO. It would be an excellent start if each trustee could make some comments as a primer for scheduling a review of this important code.

Methodist Ministers' Housing Society
Code of Conduct for Board Members, Staff and Involved Residents

Approved as Revised 27th September 2016
and 15th November 2017

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Finance

NCVO KNOWHOW
https://knowhow.ncvo.org.uk/organisation/financial-management/tax-and-trading/trading-and-charities

Community-made content which you can improve Case study from our community

TRADING AND CHARITIES

As a charity, your ability to trade is limited, because making money is not in itself a charitable purpose, even you are doing it to support your charitable activities.

The risks of trading outside what is allowable are:

- if you do well and make a profit, that may be liable to tax
- if you do badly and make a loss, that loss may be seen as non-charitable expenditure and in effect be liable to tax, and the trustees may be liable for breach of trust

If you want to make money for your charity through trading that isn't allowable, then you need to look into setting up a trading subsidiary. This is a separate company that is usually owned by the charity, and donates the bulk of its profits to the charity via gift aid.

This page takes you through the basics of trading, and there is a lot of good detailed guidance on how to get all this right.

- Charity Commission
- HMRC
- Sayer Vincent Made Simple Guides

What is trading?

Trading is an exchange of goods or services for money. It's a bit of a grey area in tax - there is no statutory definition of trading, and it doesn't precisely match the parameters used for liability to VAT.

What are known as the 'badges of trade' have been built up through case law as a set of indicators:

- **Repetition** – ongoing activity would suggest a trade
- **Profit motive** – some aim to make money would be expected for a trade, even if you do not actually make a profit
- **Selling mechanism** – setting up a shop or online access to services suggests intention to trade
- **Items bought for resale** not for consumption/use
- **Similarity** to other trades

HMRC don't need you to fulfil all of these to decide that you are trading, it could just take one of the criteria.

What trading can charities do?

The key is that any trading a charity does should not risk its charitable purpose, so you need to think first about whether the trading you want to do, of itself, furthers your cause, or if not if it is too small to risk everything, or falls into a special category.

Primary purpose trading – is when what you want to do to make money is part and parcel of your charitable work, it includes the situation where the trade is mainly carried out by the beneficiaries of the charity. Examples include:

- training delivered by an educational charity in return for fees
- café staffed by people with a learning disability run by adult social care charity
- sales of tickets for theatrical production staged by a theatre charity.

Ancillary trading – you have apply a bit more judgement because these are activities which contribute indirectly to carrying out your work but aren't just fundraising, for example:

Charities and trading

This topic is not relevant directly to MMHS. But as part of a holistic understanding of what charities can and cannot do, the *Trading And Charities* document is helpful. It's salutary to note that, unlike many charities, we're not reliant on retail to generate income as it can be an onerous undertaking.

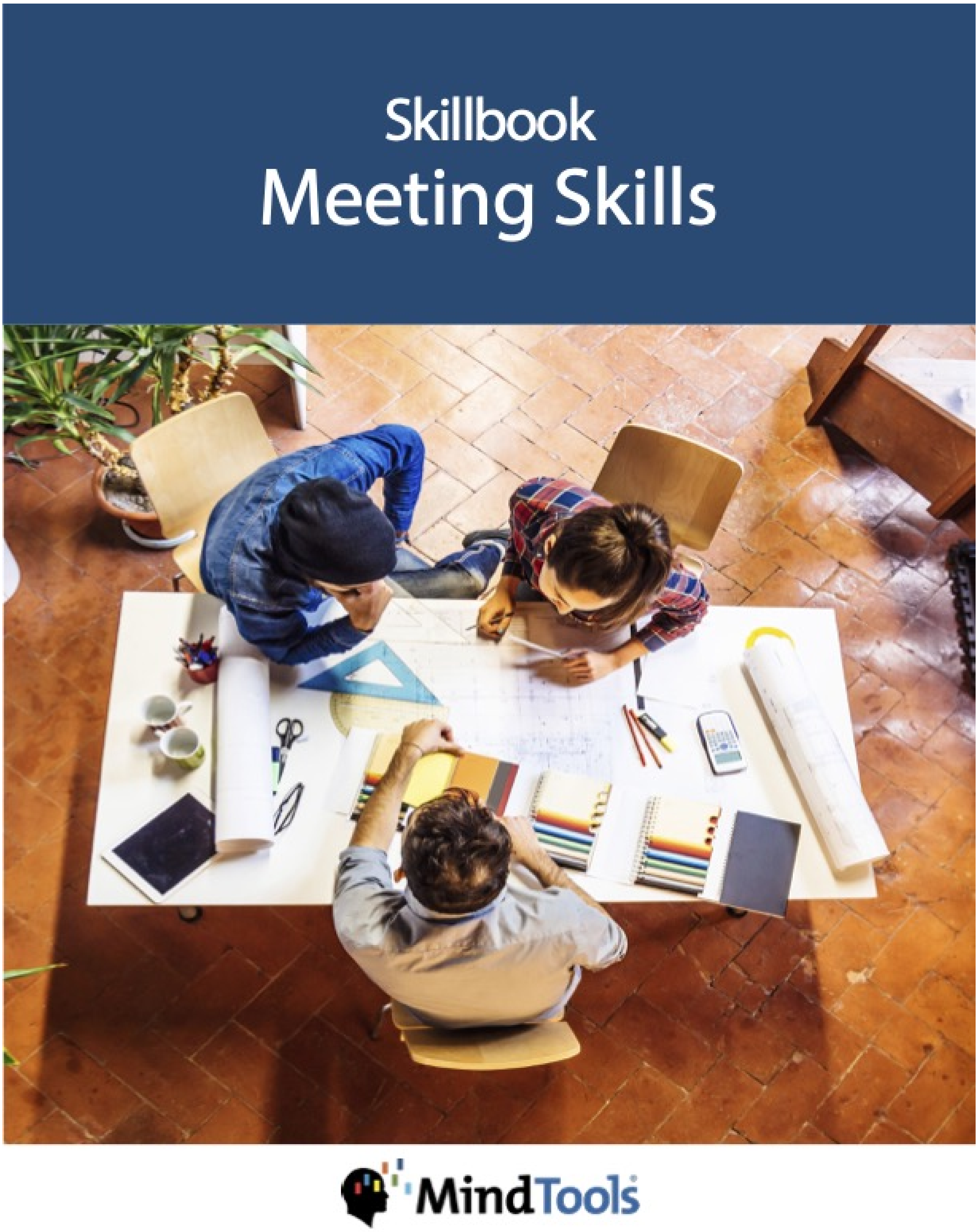
Think of the extreme pressure under which many charities were put during the pandemic when high street shops were closed or operating under restricted conditions. However, we do have our own pressures in diversifying MMHS's income streams in our pursuit of financial resilience.

Personal development

Holding effective meetings

The *Meeting Skills* workbook will have some material with which each of us are familiar, but there will always be some content that serves as a reminder or as something new to learn. Section 3 is about adding value to meetings. It has seven suggestions for meeting participants.

What caught my eye was No 5 – Help others to be heard. It reminds me of Stephen Covey's *The Seven Habits Of Highly Effective People*. The fifth habit is 'Seek first to understand and then to be understood' – a hard principle that I need to continually refresh.



Category

1. Bulletins

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