

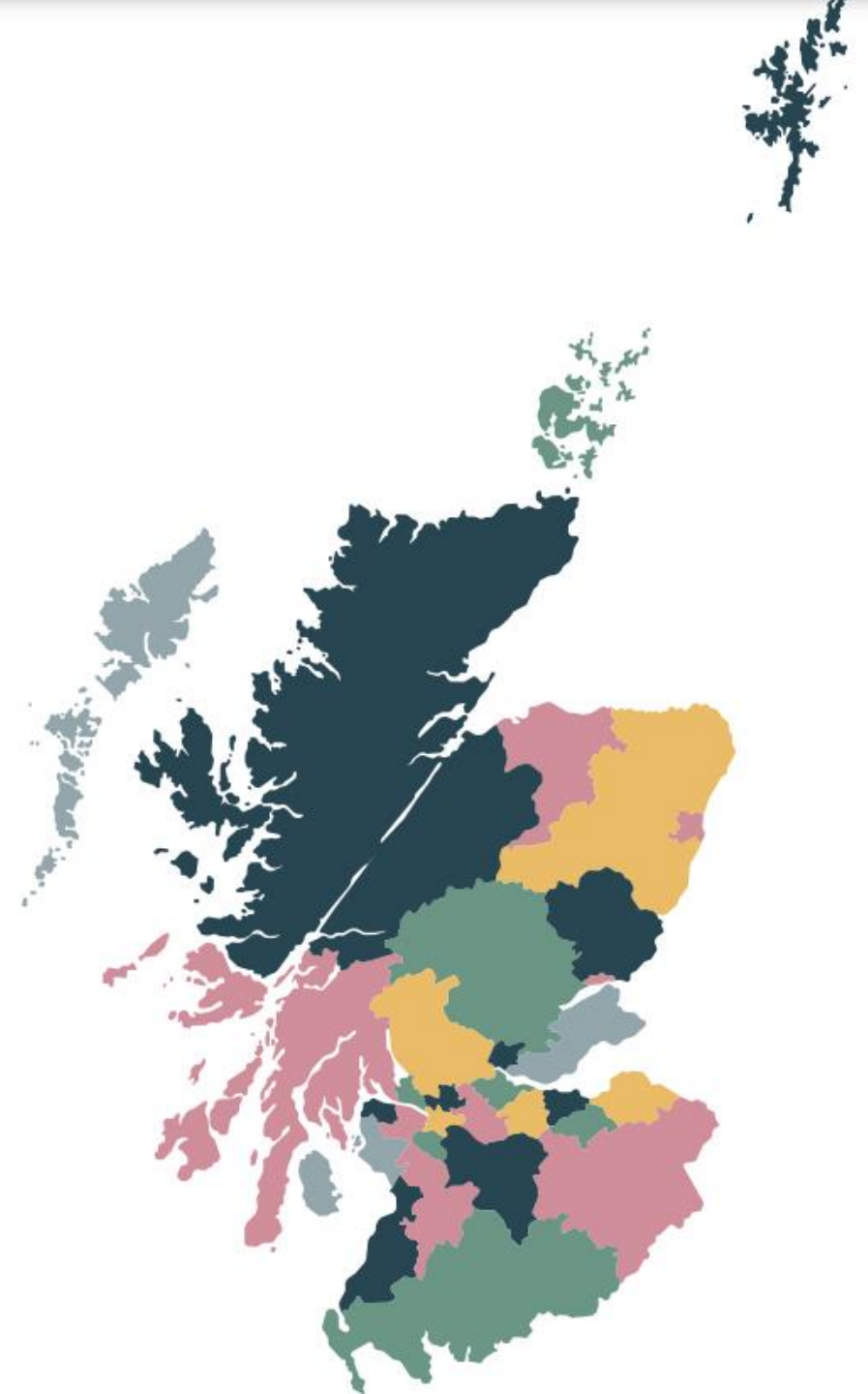


Development  
Trusts Association  
Scotland

A Thriving Community-led Network

# DTAS Governance Workshop:

## GOVERNANCE QUESTION TIME





## **Question 1:**

**What does good governance look like for a Development Trust?**



# Suggested Answer 1:

**What does good governance look like for a Development Trust?**

## **A Board:**

- **that is clear about the organisation's purpose and values and how it will achieve its aims;**
- **clear about its role and responsibilities, and providing strategic direction in line with the organisation's purpose, vision and values;**
- **embraces and demonstrates, both collectively and individually, mutual respect, integrity, openness and accountability;**
- **who develop and implement appropriate controls to direct and oversee the progress and performance of the development trust;**
- **that understands its role, powers and duties, and works collectively and proactively to achieve its organisational purpose.**



## **Question 2:**

**What advice can you give to help handle conflict and questionable board conduct? And what tips do you have to mitigate the risk of these situations arising?**



# Things to consider for question 2:

## Signs of trouble in board dynamics

- People fail to signal their concern or disagreement about a significant issue, and only alert the Chair after the meeting
- The board is over-engaged in minor or operational detail, fails to ask rigorous questions and avoids addressing more strategic or 'difficult' issues
- Board members fail to make decisions or constantly revisit and reopen the debate about a decision which has already been made
- Board members are overly aggressive toward staff or other board members
- Board members appear remote and uninterested; for example: erratic board attendance; don't read the papers; get distracted by their phones or side conversations. Agreed actions are not carried out
- One or two individuals dominate the conversation and proceedings
- People are overly polite and feel that consensus must be achieved. Consequently there are no dissenting voices or differing views around the table
- A small group 'sews up' decisions before the board meetings

- A clear overall purpose and agreed ways of working
- A Chair that can hold authority and values open debate
- Trustees feeling safe to express differences of view
- Trustees being confident that even if their view is in the minority of one, others will not be judgmental about these differences
- Evidence of cohesion: a desire to belong and a felt sense of accountability to other trustees and the board as a whole
- Evidence of coherence: a sense of connectedness that enables trustee differences to be integrated, without a blurring into 'group think'
- Mutual respect: argument is about ideas and not about the individuals

## Sources of support

- Code of conduct
- Register of interests
- DTAS Development Officer (Step HR)
- The Scottish Mediation Service



## **Question 3:**

**We're thinking of setting up a trading subsidiary, what do we need to be aware of in terms of governance?**



# Things to consider for question 3:

- Do you need a trading subsidiary?
- Do your governing documents allow for the establishment of a trading subsidiary?
- Is trading in the interest of the DT?
- Are the Board acting with care and diligence?

If you are a registered charity, Board members must be very clear about which activities should be undertaken by the charity which should be undertaken by the subsidiary and whether your governing document allows it. It is important to get the structure of your group right, to make sure that you continue to meet the charity test, and that you are trading in the most efficient manner. If all the activity is undertaken by the subsidiary company then there will be concerns over the level of public benefit the charity itself is providing.

As a board, you need to act in the DT's interest and with care and diligence. This means you should monitor how the trading subsidiary is performing and how well it meets the goal of raising funds for your charity. The level of oversight board members have in relation to the trading subsidiary will vary but as the shareholder or member your DT, and therefore you as its Board member, are often responsible for the:

- Appointing trading subsidiary directors
- Deciding on the role of the directors
- Removing directors
- Deciding, along with the directors of the trading subsidiary, whether or not it should continue.

There needs to be a clear line of responsibility to the DT for the trading subsidiary operations. The DT Board need to monitor performance and be aware of what is going on in the trading subsidiary.

- The DT and the trading subsidiary could have a written agreement in place that sets out the relationship between the two organisations, the lines of accountability and the oversight the DT must have.



## Question 4:

**What makes a good strong Board, and how do you build one?**





# Things to consider for question 4:

- A clear overall purpose and agreed ways of working
- A Chair that can hold authority and values open debate
- Trustees feeling safe to express differences of view
- Trustees being confident that even if their view is in the minority of one, others will not be judgmental about these differences
- Evidence of cohesion: a desire to belong and a felt sense of accountability to other trustees and the board as a whole
- Evidence of coherence: a sense of connectedness that enables trustee differences to be integrated, without a blurring into 'group think'
- Mutual respect: argument is about ideas and not about the individuals

- A clear and relevant induction procedures
- Regular collective trustee training (coupled with an annual skills audit)
- Joint understanding of, and, collective responsibility.
- Clear leadership
- A suitable code of conduct and behaviour policy
- A register of interests (and regular review)
- A conflict of interest policy
- Delegation of powers policy (including to staff and sub-groups)
- Role descriptions
- Proactive recruitment to address skills gaps
- A diverse Board that reflects the community they serve.



# Sources of support:

DTAS website – members-only area. [Members Area | Development Trusts Association Scotland \(dtascot.org.uk\)](https://dtascot.org.uk/members-area)

Your DTAS Development Officer. [Staff | Development Trusts Association Scotland \(dtascot.org.uk\)](https://dtascot.org.uk/staff)

You can access support from Burness Paull and Step HR via your DTAS Development Officer

Appropriate Regulator for your organisation's legal status:

Companies House for Companies Limited by Guarantee: [Companies House](https://www.companieshouse.gov.uk)

Office of the Scottish Charity Regulator for SCIOs: [OSCR | Home](https://www.oscr.gov.uk)

Financial Conduct Authority for Community Benefit Societies: [Firms | FCA](https://www.fca.gov.uk)

## **Other support organisations:**

Community Enterprise: [Home - Community Enterprise](https://www.communityenterprise.org.uk)

Just Enterprise: [Just Enterprise - National Support, Delivered Locally](https://www.justenterprise.org.uk)

Scottish Council for Voluntary Organisations (SCVO): [Scottish Council for Voluntary Organisations \(scvo.scot\)](https://www.scvo.scot)

Your local Third Sector Interface (TSI): [Find your local TSI](https://www.tsiscot.org.uk)



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