



# Active Cheshire Governance Manual

Revised December 2017

Last Updated: 15<sup>th</sup> December  
Last Reviewed by Trustees: 15<sup>th</sup> December  
Next Review Date: December 2018



small steps. **big impact.**

## Foreword

The community of Cheshire and Warrington have a right to expect that Active Cheshire is well governed, accountable and in touch with the needs of local people. Good governance ensures that we are fit for purpose, are well led and managed, take appropriate risks, and are sustainable as a charitable business, learning from experience and through review.

Active Cheshire operates within a rapidly-changing environment, and the last few years have seen major shifts that have put increasing pressure on governance standards for all charities. Challenging public finances have had an impact on all sources of income, whether private or public; at the same time, and like many charities, we have begun to explore new areas of activity, from commercial partnerships to public service delivery.

These changes have created new risks, challenges and opportunities, and it is crucial that our board, together with our staff, have the capability to lead our charity to a strong and sustainable future.

In this context, and as an organisation that strives for excellence, Active Cheshire wholeheartedly welcomes the new Code for Sports Governance and fully commits to stepping up our efforts to provide full assurance. Further, we will champion the code locally and support others to adopt the good practice contained within it.

We view good governance as a fundamental part of our DNA, ensuring that we remain focused on achieving our goals and demonstrating the integrity of our decisions and our people.

Stuart Davies  
Vice Chair & Chair of Governance, Finance & Risk  
Active Cheshire

# 1.Introduction

## 1.1 Introduction

Active Cheshire is registered as a Company Limited by Guarantee and as a Charity. The Company is governed by a Board of Directors hereinafter referred to as the Board.

The key object of the Company is:

*“In the interests of social welfare to provide or assist in the provision of opportunities for the benefit of the inhabitants of the County of Cheshire for physical and athletic recreation or other leisure time physical and athletic activity with the object of improving the conditions of life for the said inhabitants”.*

The Board recognises that all the powers, authorities and responsibilities for the effective governance and management of the Company lie with the Directors.

This Manual contains policies and procedures designed to ensure the good governance of the Company and to support it in achieving its charitable objectives.

Each Member of the Board will receive a copy of this Manual as part of their induction and will use it to inform their work.

## 1.2 Principles of Good Governance

The Board is committed to achieving and maintaining high standards of governance within the organisation. The Board recognises that good leadership based upon strong principles, shared values and ethics underpins the effectiveness of the Company in achieving its goals.

In the unlikely event the systems contained within these documents fail, we acknowledge the right of any major investor (including Sport England) to seek to appoint an independent chair. This right would only be exercised after appropriate consultation and if Sport England reasonably believes that it is necessary to safeguard public funding or further the purposes for which that funding was granted.

Active Cheshire Board members commit to uphold The Seven Principles of Public Life, known as The Nolan Principles. This commits individual members to adopt a set of behaviours defined by the Committee on Standards in Public Life. They are:

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

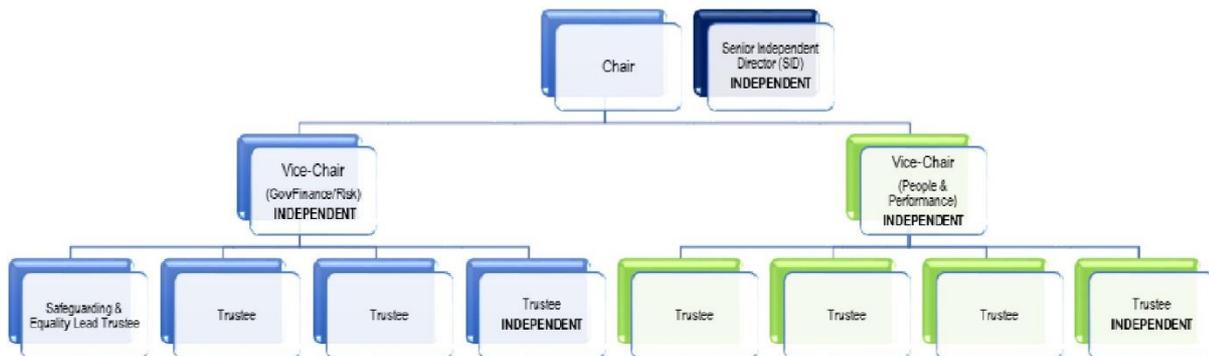
In addition, the following principles were applied in agreeing the policies that will drive the effective governance of the Company:

- 1) the Company is headed by an effective Board, which is responsible for its success;
- 2) all Directors are equally responsible in law for the Board's decisions. Directors are bound by the overriding fiduciary duty to act in good faith in the pursuit of the Company's best interests;
- 3) there will be a clear division between the responsibilities at the head of the Company: between the strategic, leadership role provided by the Board and the day to day management of the business by the Chief Executive Officer (CEO); Both Roles cannot under any circumstance, be undertaken by a single person
- 4) there will be a formal, rigorous and transparent procedure for the nomination and election of Directors and for the appointment of Directors to roles of special responsibility within the Company;
- 5) the Board will have the information it requires to enable it to discharge its duties. This information will be supplied, in a timely manner and in an appropriate form and quality;
- 6) the Board will undertake a formal and rigorous evaluation of its own performance and that of its individual Directors;
- 7) all Directors seeking re-appointment to the Board will be nominated on the basis of continued satisfactory performance;
- 8) Retired Directors will not be re-appointed upon completion of service
- 9) the Board will ensure the planned and progressive development of its membership through its appointment process and a training programme; and
- 10) the Board will ensure that the CEO develops and maintains a sound system of internal control to safeguard the Company's assets.

## 2. Governance structure

**Statement of commitment:** Active Cheshire will adopt a clear and appropriate governance structure, led by a Board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. The Board is properly constituted, and will operate effectively.

### 2.1 Active Cheshire Board Structure



2.1.1 Active Cheshire Board comprises two regular sub-groups (Governance, Finance & Risk and People & Performance) that meet quarterly and a Nomination Committee (NOMCOM) which meets once or twice per year. A Senior Independent Director will support the Chairman on all governance issues, provide an alternative communication channel between the Chairman and directors, and provide a point of contact for principal stakeholders to raise issues and concerns which they feel have not been resolved through normal channels.

2.1.2 The fundamental responsibilities and membership of each sub-group and the NOMCOM are as follows:

#### 2.1.3 Governance, Finance & Risk

- Chaired by – (Independent) Vice-Chair
- Membership – Vice-Chair, four trustees (one of whom is independent in addition to Vice-Chair, one of whom is safeguarding and equality lead)
- Accountability – to ensure that the organisation is well governed and has strong governance that is implemented, evaluated and improved upon.

#### 2.1.4 People & Performance

- Chaired by – (Independent) Vice-Chair
- Membership – Vice-Chair, four trustees (one of whom is independent in addition to Vice-Chair)
- Accountability -

- to ensure that the organisation complies with its legal duties in relation to people and contracts.
- to ensure that the organisation is driven by a performance culture (measured in relation to strategy, contractual obligations and charitable objects).

#### 2.1.5 NOMCOM

- Chaired by – Chair (or SID on matters relating to directly to the Chair)
- Membership – Chair, Vice-Chairs (x2), SID
- Responsibility –
  - to ensure that there is a fair, robust and transparent process adopted in relation to the appointment and appraisal of Chair and CEO.
  - to ensure that there is a fair, robust and transparent process adopted in relation to CEO pay awards and staff remuneration policy.
  - to assess the effectiveness of the Board as a whole, instructing an independent review once every four years.

2.1.6 Active Cheshire will appoint a minimum of 40% directors categorised as ‘Independent’. A person is independent if they are free from any close connection to the organisation and if, from the perspective of an objective outsider, they would be viewed as independent. A person may still be deemed to be ‘independent’ even if they are a member of the organisation and/or play the sport. Examples of a ‘close connection’ include: (A) they are or have within the last four years been actively involved in the organisation’s affairs, e.g. as a representative of a specific interest group within the organisation such as a sporting discipline, a region or a home country; (B) they are or have within the last four years been an employee of the organisation; or (C) they have close family ties with any of the organisation’s directors or senior employees.

## 2.2 Authority

The powers of the Company are contained within the Memorandum of Association (pages 3 to 5). The Company is required to have a Board of Trustees. The Board may exercise all the powers of the Company other than those which may only be exercised by the Company at a General Meeting or by means of a Written Resolution.

## 2.3 Terms of Reference

The terms of reference of the Board are:

- 1) to govern the Company by establishing broad policies and approving activities in pursuance of the Company's charitable objectives;
- 2) to select, support and review the performance of the CEO;

- 3) to ensure conformance with statute and the Company's own Memorandum and Articles of Association;
- 4) to ensure continuous improvement in the delivery of services;
- 5) to seek out and where possible implement best practice in the management of the human and other resources placed in the Company's trust;
- 6) to procure financial and other resources in pursuance of the Company's objectives;
- 7) to approve an annual budget;
- 8) to provide an annual account of the Company's performance to stakeholders;
- 9) to establish a framework for the management of risk;
- 10) to establish a framework for effective and timely decision making; and
- 11) to ensure public benefit in everything that the Company does.

Nothing in the terms of reference may contradict the Company's Memorandum and Articles of Association.

## **2.4 Duties**

The duties of the Board are:

- 1) to receive reports, consider and decide upon any recommendations, and receive notification of any Chair's Approvals that have been made;
- 2) to consider any other strategic items as required;
- 3) to monitor systems and processes - delegating as required;
- 4) to establish Task and Finish groups of Directors and/or officers as appropriate;
- 5) to approve the Governance Manual and keep it updated;
- 6) to undertake an annual appraisal of the CEO through the Chair and NOMCOM a rotating second Director;
- 7) to seek professional advice i.e. on HR, insurance, banking, audit or legal matters; to ensure that actions conform with statute and the Company's own Memorandum and Articles of Association; and on any other matter about which they may have concerns;
- 8) to establish and review a performance management framework;
- 9) to identify areas of weakness and research options for change;

- 10) to consider and approve a scheme of delegation which clarifies responsibilities between the Board, the Chair, the CEO and other officers;
- 11) to approve the annual budget;
- 12) to consider Strategic Risks to the Company and receive and approve the Corporate Risk Register as well as any risk which may significantly damage the reputation of the Company;
- 13) to receive the Annual Audit and recommend to the Members the Directors' Annual Report and Accounts including the Public Benefit statement;
- 14) to approve a programme of Board Meetings; and
- 15) to approve a procedure for making emergency decisions - written resolutions/emergency meetings.

## **2.5 Frequency of Meetings**

The Board will normally meet FOUR times per annum. Meeting dates will be diarised annually. Additional meetings may be called between regular meetings to discuss and resolve any critical issues arising.

## **2.6 Membership of the Board**

The Board comprises all Directors of the Company.

A quorum shall consist of 4 Members.

On occasion, the External Auditor may be invited to attend meetings. Other managers and officers or external advisors may be asked to attend meetings for specific agenda items or when issues relevant to their area of responsibility or expertise are to be discussed.

## **2.7 Support**

The Board will be supported by the Company's employees (Executive Support) by:

- 1) agreeing an agenda with the Chair at least 14 days in advance of every meeting;
- 2) providing timely notice of meetings and by forwarding the agenda and supporting papers to all attendees 7 days in advance of every meeting;
- 3) providing secretarial duties;
- 4) forwarding the agendas of Task and Finish groups to Directors and officers in advance of their meetings;
- 5) attending Board Meetings to take minutes and to assist with procedural matters;
- 6) keeping a record of matters arising and issues to be carried forward, circulating approved draft minutes within five working days from the date of the last meeting; and
- 7) advising the Chair and the Board on the fulfilment of the Board's objects and related governance matters.

## 2.8 Timetable of Key Activities

The Board has a fixed agenda, which will be considered at every meeting. This includes:

- 1) apologies for absence(if any);
- 2) declarations of interest (if any);
- 3) notifications of Safeguarding issues
- 4) Approval of previous minutes
- 5) notification of Chair's approvals (if any);
- 6) reports from Lead Directors (if any);
- 7) Financial Report; and associated evidence (Bank Statements/ Balance Sheet)
- 8) CEO's report
- 9) Open discussion

In addition, the following items will be specifically considered in these months:

- 10) September - Approval of the Trustees' Report and the Annual Accounts;
- 11) November – Review of the Scheme of Delegation;
- 12) November - Preliminary consideration of the budget for following year;
- 13) November – Agreement of meeting dates for the following year;
- 14) March - Final approval of budget for the following year; and
- 15) March – consideration and approval of Financial Regulations and reserves policy
- 16) March/April- Receive report of Chair, Trustees & CEO's annual appraisals;

The Board will also consider ad-hoc reports as they arise. Emergency decision making arrangements can be implemented should that be necessary.

These include:

- 17) written and special resolutions;
- 18) Chair's approvals; and
- 19) decisions taken by the CEO in accordance with the Scheme of Delegation.

## 2.9 Practices for Good Governance

The Board recognises that good governance can only be achieved through the development and implementation of a range of good practices and procedures that are based on a culture of openness, transparency and honesty.

The Board will therefore review all governance policies and practices at least annually and more frequently if required.

## **2.10 Company Membership**

### *2.10.1 Policy*

The Company's membership shall comprise individuals who have been elected as Directors of the Company. Directors automatically become Members upon their election and cease to be Members when they retire.

### *2.10.2 Recruitment*

If there is an identified skill or under-represented group not met within the existing membership, other individuals may be invited to join, currently up to a maximum of 12. The Board will proactively seek to diversify its membership using the Skills and Diversity Matrix to identify gaps and target recruitment accordingly. Active Cheshire will ensure a diverse Board in line with the Equality and Diversity Policy. This will include a balance of gender, age, sexual orientation, ethnicity, and disability. Active Cheshire will ensure no more than 70% of the Board membership is made up of a single gender. A minimum of 40% of members must be independent.

### *2.10.3 Membership Records*

A register of all Members, to be kept by the Executive Support Officer, who will record:

- 1) the name of the Member;
- 2) the date they were elected;
- 3) contact details for correspondence;
- 4) the date of the Member's resignation or cessation of membership;
- 5) proof of identity;
- 6) Fit and Proper Person's declaration;
- 7) conflicts of Interest; and
- 8) a pen portrait.

## 3. People

**Statement of commitment:** Active Cheshire will recruit and engage people with appropriate diversity, independence, skills, experience and knowledge to take effective decisions that further the organisation's goals.

### 3.1 Directors' Legal Responsibilities

The Company is registered both as a Charity and as a Company Limited by Guarantee. Therefore, Members have dual roles as Trustees of the Charity and as Directors of the Company.

### 3.2 Trustees' Responsibilities

Under charity law (primarily the Charities Act 1993), Trustees must:

- 1) act in the best interests of the Charity at all times, and to the benefit of present and future beneficiaries, in accordance with the Charity's governing document;
- 2) act to protect the Charity's property and resources;
- 3) ensure the solvency and effective running of the Charity;
- 4) preserve any permanently endowed funds or property;
- 5) ensure that there are effective controls in place to monitor and regularly review the Charity's financial and administration systems;
- 6) take responsibility for the appointment and on-going management of the CEO and ensure that any duties delegated to the CEO do not impinge on those of the Board;
- 7) agree the strategic direction of the Charity;
- 8) ensure that all risks to the Charity and its assets are identified, and appropriate steps established to mitigate against those risks;
- 9) ensure that surplus funds are invested in line with the Charity's statement of investment principles, investment policy and reserves policy and seek professional advice when appropriate;
- 10) not engage in any activity which allows them to profit from their membership;
- 11) familiarise themselves with the Charity's governing document and operating procedures;
- 12) seek guidance from the Charity Commission, when the Charity is no longer able to carry out its objects in line with the governing document;
- 13) ensure that proper minutes are kept recording the deliberations and decisions of meetings of the Board and of any sub-committees;

- 14) maintain appropriate records relating to accounts and financial matters and ensure that they are audited/independently examined accordingly, including filing the accounts with relevant bodies;
- 15) ensure that the Charity is registered with the Charity Commission and comply with any appropriate continuing obligations; and
- 16) comply with any other legal or regulatory requirements relevant to their Charity's activities, such as: Health and Safety, employment law, money laundering and proceeds of crime regulations, and data protection.

**3.3 Charity Commission Guidance** (the Essential Trustee updated 10 July 2015) states the 6 Main duties of a Charitable Trustee are:

<p><b>1. Ensure your charity is carrying out its purposes for the public benefit</b></p> <p>You and your co-trustees must make sure that the charity is carrying out the purposes for which it is set up, and no other purpose. This means you should:</p> <ul style="list-style-type: none"> <li>• ensure you understand the charity's purposes as set out in its governing document</li> <li>• plan what your charity will do, and what you want it to achieve</li> <li>• be able to explain how all of the charity's activities are intended to further or support its purposes</li> <li>• understand how the charity benefits the public by carrying out its purposes</li> </ul> <p>Spending charity funds on the wrong purposes is a very serious matter; in some cases trustees may have to reimburse the charity personally</p>
<p><b>2. Comply with your charity's governing document and the law</b></p> <p>You and your co-trustees must:</p> <ul style="list-style-type: none"> <li>• make sure that the charity complies with its governing document</li> <li>• comply with charity law requirements and other laws that apply to your charity</li> </ul> <p>You should take reasonable steps to find out about legal requirements, for example by reading relevant guidance or taking appropriate advice when you need to.</p> <p>Registered charities must keep their details on the register up to date and ensure they send the right financial and other information to the commission in their annual return or annual update</p>
<p><b>3. Act in your charity's best interests</b></p> <p>You must:</p> <ul style="list-style-type: none"> <li>• do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes</li> <li>• with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term</li> <li>• avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body</li> <li>• not receive any benefit from the charity unless it's properly authorised and is clearly in the charity's interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner</li> </ul>

#### **4. *Manage your charity's resources responsibly***

You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:

- make sure the charity's assets are only used to support or carry out its purposes
- not take inappropriate risks with the charity's assets or reputation
- not over-commit the charity
- take special care when investing or borrowing
- comply with any restrictions on spending funds

You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty

#### **5. *Act with reasonable care and skill***

As someone responsible for governing a charity, you:

- must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary
- should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees' meetings

#### **6. *Ensure your charity is accountable***

You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:

- be able to demonstrate that your charity is complying with the law, well run and effective
- ensure appropriate accountability to members, if your charity has a membership separate from the trustees
- ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers

### **3.4 Directors' Responsibilities**

The Companies Act also places upon company directors a duty to:

- 1) act within company powers;
- 2) promote the success of the company;
- 3) exercise independent judgement;
- 4) exercise reasonable care, skill and diligence;
- 5) avoid conflicts of interest;
- 6) not accept benefits from third parties; and
- 7) declare an interest in any proposed transaction or agreement.

### **3.5 CEO's Responsibilities and the Scheme of Delegation**

Directors will approve and update annually, a Scheme of Delegation (See Appendix K) setting out the division of responsibilities between the Board and the CEO. This will cover the operational and strategic management of the following areas:

- 1) governance;
- 2) strategy;
- 3) external relationships;
- 4) staffing;
- 5) finance and assets;
- 6) grants, contracts, and income generation; and
- 7) risk management.

### **3.6 Trustee Liability**

As Trustees, the Directors are individually and jointly liable for any consequences arising out of a breach of trust. Trustees must make decisions collectively, but are both jointly and severally liable. It is therefore important that they act always in line with the Memorandum and Articles of Association, the legal and regulatory framework, and seek professional guidance in situations that are beyond their reasonable knowledge and competence. Generally, as long as Trustees have not acted dishonestly or fraudulently, and accessed all reasonable means of support and guidance, the Charity Commission and the Courts are likely to exonerate them from any personal liability resulting from their actions or inactions.

### **3.7 Director Liability**

The statutory nature of the duties of directors may also have implications for them as trustees. For example, persistent non-attendance at meetings (or failure to participate in meetings) could constitute a breach of their duties: that is, a breach of the duty of care. They must always act carefully and responsibly or they may be considered negligent, and this could potentially lead to disqualification as a company director.

### **3.8 Insurance**

The Company maintains insurance to protect its Directors in the event of things going wrong.

The Company's insurance covers Directors for their personal liability for legal defence costs and damages arising out of allegations of maladministration, such as breach of duty, breach of trust or breach of contract. The policy will pay up to £100,000 for legal defence costs or damages for all claims resulting from one or more event arising at the same time, or from the same originating cause.

### **3.9 Board Appointments**

#### **3.9.1 Directors**

### 3.9.2 Appointments

Directors will be appointed using the procedures set out in the Articles of Association.

### 3.9.3 Overall Responsibilities

The duties of the Directors are to:

- 1) fulfil their responsibilities as required by legislation;
- 2) agree operational and governance policies and monitor their implementation;
- 3) develop and agree a strategic plan, including a financial plan, for the achievement of the overall charitable and business objectives;
- 4) receive, scrutinise and analyse financial reports and progress information provided by the CEO, financial manager, accountant, auditor and individual directors
- 5) appoint the CEO ensuring that the person appointed to this role has the necessary skills and abilities;
- 6) promote the interests of the Company within a wider network; and
- 7) bring reports to the Board on any matter which they consider to be appropriate and relevant to the Company's work.

3.9.4 The Directors will appoint a Chair using the agreed role description and person specification for that appointment.

3.9.5 The Company requires that all Directors should attend meetings of the Board regularly and should give notice and apologies if they are unable to attend.

3.9.6 Directors who fail, without good reason, to attend three consecutive meetings or half of all meetings within one financial year, or without the prior agreement of the Board may be asked to resign.

3.9.7 When appointing new Directors, consideration will be given to the skills, knowledge, experience and diversity that will be brought to the Board, and appointments will be made against any gaps identified within the Skills and Diversity Matrix. Due regard will be given to agreed independence and gender thresholds.

3.9.8 It is essential that Directors understand the governance and management processes of the Company and that they carry out their role both diligently and efficiently without becoming either a barrier to progress or over-stepping their responsibilities.

3.9.9 No individual shall be appointed as a director until he or she has completed and passed the fit and proper persons test.

## 3.10 Director Profile

3.10.1 In appointing new Directors, the Board will ensure that a range and mix of people and skills are represented.

3.10.2 The diversity mix at Board level will include a minimum of 30% of each gender

3.10.3 The skills and experience mix at Board level will be guided by the Skills and Diversity Matrix include:

- 1) NED experience
- 2) Industry knowledge
- 3) Governance
- 4) Leadership
- 5) Strategic Planning & implementation
- 6) Policy/regulation
- 7) Financial management & Audit
- 8) Organisational management
- 9) Legal
- 10) Risk Management
- 11) Marketing/PR
- 12) Multi-agency partnerships
- 13) Technology/IT/Data management
- 14) Diversity issues
- 15) Planning & infrastructure development
- 16) fundraising

3.10.4 The Directors will strive to achieve a diverse Board that will reflect its equal opportunities policy. A minimum of 40% of Directors will be Independent.

3.10.4 In addition, it is expected that all new Directors will be able to demonstrate:

- 17) a commitment to, and an enthusiasm for, the work of the Company;
- 18) an understanding of, and/or experience in, management practice;
- 19) a commitment to equality of opportunity;
- 20) a commitment to work in the best interests of the Company at all times and to take part in the work of the Company, serving the Board as required and agreed; and
- 21) a professional approach to the work of the Board and to the development of the Company.

3.10.5 Ideally, Directors will have access to wider networks and be able to act in an ambassadorial role, representing the Company into those networks.

### 3.11 Timescales and Expenses

It is expected that fulfilling the role of Director will require the equivalent of 6-8 days per year as a minimum. The role of Director is voluntary although reasonable expenses will be reimbursed according to the rates agreed by the Board.

### 3.12 Recruitment and Appointment of Directors

#### Policy

The Company recognises the critical importance of the role of an effective Board and as such has agreed to recruit Directors for their skills and experiences through a process that is open, transparent, and takes account of the Equality and Diversity Policy. **In exceptional circumstances a director may be Co-opted onto**

the Board if this is necessary to ensure that the Board has the skills and/ or experience necessary to fulfil its role.

### Process

- 1) use the Skills and Diversity Matrix to plan emerging vacancies and identify gaps;
- 2) produce a brief role description based on the skills and experience gaps identified;
- 3) produce an advertisement to recruit or co-opt people with the skills and experiences required, in line with agreed Equality and Diversity Policy
- 4) circulate advertisement and role description as appropriate, supported by HR specialist; targeting specific groups to ensure diversity
- 5) the Board will then assess applications against the skills and experiences identified and, if appropriate, invite for interview;
- 6) the Board will inform the successful candidate and arrange for induction to take place at the earliest convenience – see following Section 2.1.6;
- 7) produce a profile of the new Director for the website and communication correspondence;

The Board reserves the right to vary this process should circumstances justify such action

### 3.13 Directors' Induction

#### Policy

The Board recognises the importance of ensuring induction in order that new Directors can become effective as soon as possible after taking up their role. The induction process has three parts.

#### Process

##### **Part 1 - Provision of Key Documentation**

Each new Director will receive copies of key documents and information that will provide information on the roles, responsibilities and practices of the Board.

##### **Part 2 - Meeting with the Chair and CEO**

The purpose of this meeting is for the new Director to have a briefing on the organisation and the work of the Board and its practices and procedures.

The Chair and CEO will provide a background to the role and responsibilities of the new Director. During the meeting the Chair will refer to the Governance Manual, ensuring that the new Director understands its contents and that any questions are addressed.

##### **Part 3 – Half-day Induction, Premises, Staff and Operational Matters**

The purpose of this activity is to provide the new Director with an understanding of the operational aspects of the organisation, the context within which they work and the work of the staff team.

This will include:

- 1) a half-day workshop presenting context, key policies, structures and finances
- 2) a tour of the Company's premises;
- 3) an introduction to the staff team; and
- 4) an introduction to the health and safety and security procedures for the building.

### 3.14 Induction Records

In order to support the induction process and to inform the Board's monitoring, the form at Appendix A will be used to record the progress of the induction process. The date each item is completed should be recorded on the form by the new Director and kept for examination during the monitoring process.

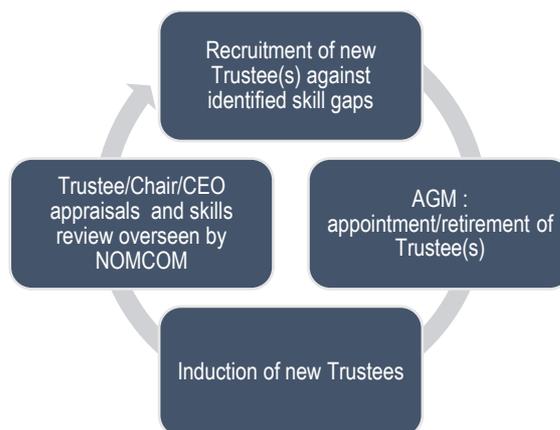
### 3.15 Annual Review of Directors

#### Policy

The Chair will review Directors' performance annually to ensure that each is continuing to make proper and effective contribution.

#### Process

Directors will complete a self-appraisal form annually. (See Appendix J). Any matters arising will be discussed with the Chair and an action-plan agreed. All Directors will attend and contribute to an annual development day to review the Company's progress and set priorities for the year ahead.



### 3.16 Chair

#### Policy

The Board will appoint a Chair to serve for a term of three years. He/she will be eligible for nomination for re-election for another three-year term, serving for a maximum of 6 years (inclusive of any time-served as a trustee). Terms can be extended (for a further consecutive term) in exceptional circumstances based on

rigorous review. When a director has completed their maximum term, at least four years must elapse from their date of retirement before they can be eligible to stand as a director for the organisation again. All appointments are subject to an annual review carried out by the Board via NOMCOM.

The Chair will provide leadership and direction and enable Directors to fulfil their roles and responsibilities within an overall framework of good practice.

The Chair will work in partnership with Directors and liaise with Lead Directors, CEO, senior staff, advisers and other key stakeholders.

The Chair will serve as a Director of the Company and a Trustee of the Charity.

### 3.16.1 Responsibilities

In addition to the roles and responsibilities as a Director the Chair will have additional responsibilities and duties as follows:

- 1) to lead the Board's strategic planning and decision making;
- 2) to ensure that the Board's decisions are implemented;
- 3) to provide support and leadership for the Chief Executive on behalf of the Board;
- 4) to ensure that the Company and the Board take decisions and act in accordance with the Memorandum and Articles of Association;
- 5) to review the performance of individual trustees, and the effectiveness of the Board using SID to reflect where appropriate;
- 6) to exercise delegated authority on behalf of the Board as described in Scheme of Delegation (see Appendix K); and
- 7) to ensure succession-planning is undertaken at Board and staff level that provides assurance around business continuity.

### 3.16.2 Time Expected

It is expected that in order to fulfil these responsibilities, the Chair will contribute the equivalent of 12 days per year in addition to his/her other responsibilities as a Director.

## 3.17 Duties

### The Board

- 1) to drive and embed a healthy and effective culture of transparency, openness, challenge and performance, underpinned by a set of agreed principles and behaviours;
- 2) to convene and chair meetings of the Board and general meetings as agreed and ensure that the business of those meetings is conducted efficiently and effectively; whilst allowing opportunities for open discussion;

- 3) to consult with the CEO on the preparation of agendas and supporting papers to be presented to meetings of the Board;
- 4) to read, examine and comment on development proposals;
- 5) to ensure the development and maintenance of appropriate policies that will underpin the governance of the Company and its business and that the organisation adheres to those policies in its governance, management, planning and decision-making;
- 6) to ensure the completion of an annual review of the Board's performance against agreed plans and targets; and
- 7) to review the annual self-appraisal forms of Directors and arrange for the provision of appropriate information or training as required.

#### Liaison with CEO

- 7) to have regular meetings with the CEO in order to keep up to date with progress, key issues arising from the work of the Company and issues that are likely to require Board consideration and action; and
- 8) to act as a sounding board for the CEO's proposals and ideas.

#### Liaison and representation

- 9) to represent the Company at meetings with key stakeholders.

#### Human Resources

- 10) to chair NOMCOM (except on matters relating directly to the Chair).
- 11) to be a part of appointment panels for recruitment of the CEO (with input from trustees).
- 12) to carry out the CEO appraisal process on behalf of the Board.

#### Other Duties

- 12) to lead any committees of enquiry.
- 13) to undertake a public relations role and speak on behalf of the Company when necessary. In addition, the Chair will ensure that the Board is properly represented in its dealings with external agencies and other organisations when required.

### **3.18 Profile of the Chair**

The Chair will be required to demonstrate the following skills, abilities and attitudes:

- 1) a commitment to the aims and objectives of the Company.

- 2) a commitment to the values and principles of good governance.
- 3) an ability to promote cohesion and trust throughout the organisation.
- 4) an ability to chair meetings ensuring that they are managed effectively and that any decisions made are acted upon.
- 5) an understanding of business and strategic planning
- 6) an ability to summarise issues and decisions in order to aid Board deliberations and decision making.
- 7) financial competence to the level required for ensuring effective scrutiny at Board level.
- 8) skills and an ability to undertake annual appraisals of the Chief Executive using the agreed process.
- 9) high level communications skills that would include the ability to make presentations, speak to and liaise with the media, and chair any external sector meetings as required.
- 10) an ability to act in a public relations / ambassadorial role as required.
- 11) additionally, it is desirable, but not essential, for the Chair to have an understanding of the physical activity and sport sector.

### 3.19 Vice-Chair

#### Policy

The Directors will appoint 2 x Vice-Chairs to serve for a term of three years. He/she will be eligible for nomination for re-election for another three year term, serving for a maximum of 6 years (inclusive of any time-served as a trustee). Terms can be extended (for a further consecutive term) in exceptional circumstances based on rigorous review. The appointment is subject to an annual review carried out by the Board. (See Appendix E).

The Vice-Chairs will serve as Directors of the Company and as Trustees of the Charity.

#### 3.19.1 Responsibilities

In addition to the roles and responsibilities as a Director (see Section 2.1.2), the Vice-Chair will have additional responsibilities and duties as follows:

- 1) to fulfil the roles and responsibilities of the Chair in his/her absence and when required by the Board (see Sections 2.2.2 and 2.2.4);
- 2) to represent the Company as required;
- 3) to undertake a public relations' role and speak on behalf of the Company as required;

- 4) to act as Lead Director for one of the two Board Sub-groups (Governance, Finance & Risk and People & Performance);
- 5) Lead Directors are required to report back to the Board on any matters arising out of their role.

### 3.19.2 Time Expected

It is expected that in order to fulfil these responsibilities the Vice-Chairs will contribute the equivalent of 8 days per year in addition to their other responsibilities as a Director.

### 3.19.3 Profile of the Vice-Chairs

The Vice-Chairs will be required to demonstrate the following skills, abilities and attitudes:

- 1) a commitment to the aims and objectives of the Company.
- 2) a commitment to the values and principles of good governance.
- 3) an ability to promote cohesion and trust throughout the organisation.
- 4) an ability to chair meetings ensuring that they are managed effectively and that any decisions made are acted upon.
- 5) an understanding of business and strategic planning and an ability to summarise issues and decisions in order to aid board deliberations and decision making.
- 6) financial competence to the level required for ensuring effective scrutiny at Board level.
- 7) skills and an ability to undertake annual appraisals of the CEO using the agreed process.
- 8) high level communications skills that would include the ability to make presentations, speak to and liaise with the media, and chair any external sector meetings as required.
- 9) an ability to act in a public relations / ambassadorial role as required.
- 10) additionally, it is desirable, but not essential, for the Vice-Chair to have an understanding of the physical activity and sport sector.

### 3.19.4 Vice-Chair (Lead Director – Governance, Finance & Risk)

In addition to their roles and responsibilities as a Director and Vice-Chair, the Lead Director (Governance, Finance & Risk) will have additional responsibilities and duties as follows:

- 1) to ensure that the Company meets the governance requirements of the Charity Commission, relevant legislation, and governance requirements specified in any contractual agreements. This necessitates the development of governance policy, recruitment strategies, training programmes, and monitoring of Board activities;

- 2) to develop and review policy regarding governance, including the roles and responsibilities of the Board, Directors and officers, governance manual, conflict of interest procedure, scheme of delegation etc.;
- 3) to review regularly the Gifts and Hospitality Register for Directors;
- 4) to monitor the Memorandum and Articles of Association to ensure that the Company is operating within its objects and powers;
- 5) to review the Directors' Annual Report for approval by the Board;
- 6) to ensure that the Board is able to plan their activities with knowledge of the achievements, abilities, strengths, and limitations of directors;
- 7) to review the delivery of the Director training and development plan;
- 8) finance - to provide strategic oversight of the organisation's finances; review and propose the annual budget; provide strategic oversight of financial and contractual performance; and review financial procedures;
- 9) risk - to provide strategic oversight of risk and arrangements to identify and mitigate risk (not limited to finance and human resources);
- 10) to review the Annual Accounts before approval by the Board in compliance with relevant legislation and regulations and clearly set out the source of income and expenditure;
- 11) to ensure that all Directors are aware of financial controls, procedures and methods;
- 12) to act as a member of any appointed panel for appeal hearings;
- 13) to oversee the development of and regularly review Health and Safety policy;
- 14) to oversee the development of and regularly review Risk Management and Disaster Recovery policy, including the frequency and location of back-up copies of accounts;
- 15) to regularly review the Company's risk-register and any mitigating actions which are in place;
- 16) to review insurances; and
- 17) To feed back to Board on Sub Group discussions and participate in NOMCOM.

### 3.19.5 Vice-Chair (Lead Director – People & Performance)

In addition to their roles and responsibilities as a Director and Vice-Chair, the Lead Director (People & Performance) will have additional responsibilities and duties as follows:

- 1) human resources – provide strategic oversight of personnel policies; and act as a member of any appointed panel for appeal hearings;

- 2) to encourage the development of an enterprise culture within the Company, providing expertise to allow new business ideas to be explored and discussed;
- 3) to review new business cases or ideas where new opportunities have been identified;
- 4) to review the Company's Business Plan to support business growth and progress against it;
- 5) to define and monitor performance metrics to ensure that the company delivers against any contractual obligations;
- 6) to strategically oversee the development of a marketing and promotion plan for the Company; and develop and review other policy where it relates to Business Development;
- 7) to oversee the development of the organisational structure and its people;
- 8) to drive a positive organisational culture;
- 9) to review staff feedback and ensure any issues are addressed;
- 10) to oversee recognition and reward policies and associated awards
- 11) To feed back to Board on Sub Group discussions and participate in NOMCOM

### 3.19.6 Reporting to the Board

Vice-Chairs (Lead Directors) are required to report back to the Board on any matters arising from their role.

### 3.19.7 Profile of a Lead Director

In addition to the general skills and abilities identified in section 2.1.3 for all Directors, Lead Directors will be required to demonstrate particular interest in or experience in the field that they wish to lead.

## 3.20 Senior Independent Director (SID)

### Policy

A Senior Independent Director will support the Chairman on all governance issues. provide an alternative communication channel between the Chairman and directors and provide a point of contact for principal stakeholders to raise issues and concerns which they feel have not been resolved through normal channels.

The Board will appoint an SID to serve for a term of three years. He/she will be eligible for nomination for re-election for another three-year term, serving for a maximum of 6 years (inclusive of any time-served as a trustee). Terms can be extended (for a further consecutive term) in exceptional circumstances based on rigorous review. The appointment is subject to an annual review carried out by the Board via NOMCOM.

### 3.20.1 Recruitment

The Board will appoint the Senior Independent Director in the same way as they appoint a Vice-Chair/Lead Director from their membership through a process that is open and transparent and takes account of the policy of equality of opportunity.

### 3.20.2 Process

Nominations for the role of Senior Independent Director duly seconded, should be lodged with the Executive Support in advance of the meeting at which the appointments are to be considered. If there is more than one nomination, candidates will be requested to present their case to the Board. Voting for each candidate will be by secret ballot. If there are more than two candidates those receiving the fewest votes in the first round shall be eliminated in order to leave just two. A second secret ballot shall then decide the result. The Board will then make a formal offer to the Director of their choice.

Candidates may not vote in any ballot in which they are a candidate, or participate in the consideration of any other candidate for appointment.

### 3.20.3 Responsibilities

The primary role of the Senior Independent Director (SID) is to provide a sounding board for the Chairman and to serve as an intermediary for the other directors where necessary.

The SID, in common with all Non-Executive Directors, has the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the company by directing the Company's affairs.

In addition, the SID will:

- Be available to stakeholders if they have concerns which contact through the normal channels of Chair or Group CEO has failed to resolve or for which such contact is inappropriate.
- Act as a sounding board for the Chair and CEO on board and stakeholder matters.
- Chair the Nomination Committee (NOMCOM) when it is considering succession to the role of Chair of the Board
- Attend the Nomination Committee (NOMCOM) when it is considering the Chair's proposals in relation to performance, pay award and future objectives of the CEO
- Be a conduit, as required, for views by other Directors on the performance of the Chair, and chair a formal annual session of NOMCOM (excluding the Chair) to agree the Chair's objectives and review his performance.
- Conduct the Chair's annual performance appraisal.
- Be the focal point for board members for any concerns regarding the Chair, or the relationship between the Chair and the CEO.
- Act as a trusted intermediary for Directors where this is required to help them to challenge and contribute effectively.
- Take the initiative in discussion with the Chair or other board members if it should seem that the Board is not functioning effectively.

### 3.20.4 Time Expected

The time commitment required of a SID is likely to be 6 days in addition to the requirement of member Directors.

### 3.20.5 Profile of an SID

The Senior Independent Director must:

- qualify as Independent to demonstrate Independence of Thought
- be an experienced NED with sufficient gravitas track record to support/challenge the Chair
- demonstrate a strong understanding of Governance
- have strong communication skills
- be sufficiently competent to engage with stakeholders as required

### 3.20.6 Recruitment and Appointment of Chair, Vice-Chair/Lead Directors and SID

#### Policy

The Board recognises the critical importance of the roles of Chair, Vice-Chair/Lead Directors and SID and as such has agreed to appoint Directors who can bring effective leadership.

The Board will appoint the Chair, Vice-Chair, Lead Directors and SID from their membership through a process that is open and transparent and takes account of the policy of equality of opportunity.

#### Process

Nominations for the roles of Chair, Vice-Chair, Lead Directors and SID duly seconded, should be lodged with the Executive Support in advance of the meeting at which the appointments are to be considered. If there is more than one nomination, candidates will be requested to present their case to the Board. Voting for each candidate will be by secret ballot. If there are more than two candidates those receiving the fewest votes in the first round shall be eliminated in order to leave just two. A second secret ballot shall then decide the result. The Board will then make a formal offer to the Director of their choice.

Candidates may not vote in any ballot in which they are a candidate, or participate in the consideration of any other candidate for appointment.

### 3.21 Annual Review of the Chair, Vice-Chair/Lead Directors and SID

#### Policy

The Board will review the performance of the Chair, Vice-Chair, Lead Directors and SID annually in order to ensure proper and effective leadership and inform the process for appointing to the roles of Chair, Vice-Chair and Lead Directors in the future.

#### Process

The process for this review will be simple but will involve Directors and the CEO. Each Director, and the CEO will receive a short form for completion.

The completed forms will be submitted to Executive Support for analysis and summary. This final summary of results must be completed and submitted with 21 days of the blank forms having been circulated.

NOMCOM will review results and feed back to the Chair on any notable successes or areas requiring improvement. NOMCOM Chair will present the results at the Board along with proposed objectives for ratification.

### 3.21.1 Recruitment and Appointment of the CEO

It is the responsibility of the Board to recruit and to set the salary and remuneration package for the CEO taking into account industry norms and the need to attract high quality candidates.

The recruitment and appointment of the CEO must be carried out using agreed policies and procedures, ensuring that any conflicts are declared and a record kept in the Minutes.

The recruitment of other staff and sub-contractors is delegated to the CEO under the terms of the approved Scheme of Delegation (See Appendix K).

The only appointment made by the Board is that of the CEO.

### 3.21.2 Support for Directors

Directors can ask for appropriate additional support to update their knowledge in order that they may improve in the execution of their roles. This request should be made through the Chair in the first instance.

### 3.21.3 Succession Planning

#### **Policy**

The Board shall have in place succession plans for orderly appointments to the Board and to key positions within senior management. Effective succession planning reduces the risks associated with the loss of experienced leadership and helps maintain an appropriate balance of skills and experience within the organisation and on the Board, as well as ensuring progressive refreshing of the Board. The Plan will enable the Board or organisation to act swiftly in response to abrupt changes to the Board or senior management, helping to reduce any associated risks or costs.

### 3.21.4 Board responsibilities

It is the Board's responsibility to ensure that:

- 1) Robust Board and staff succession plans are in place and reviewed annually;
- 2) Any challenges highlighted through succession planning are recorded and managed within the Risk Register;
- 3) Positions within senior management that should be captured by the succession plan are determined.

## 4. Communication

**Statement of commitment:** Active Cheshire will be transparent and accountable, engaging effectively with stakeholders and nurturing internal democracy.

4.1 Active Cheshire will publicly disclose information on its governance, structure, strategy, activities and financial position to enable stakeholders to have a good understanding of them.

4.2 Active Cheshire will openly collaborate with stakeholders to produce its strategy and will publish the strategy and progress made in relation to it.

4.3 Active Cheshire will produce and publish an annual report demonstrating progress against strategic and charitable objectives. This information will be publicly available via the website.

4.4 Active Cheshire will publish audited accounts each year on its website.

4.5 Active Cheshire will communicate a statement of intent about its commitment to equality and diversity goals, along with its associated policies and procedures. Annual reviews will be published and will include details of how the organisation has ensured that any Board recruitment activity that has occurred during the year has been undertaken in such a way as to increase diversity. It will also publicly declare diversity data relating to Board, staff, volunteers and participants and provide contact details for the Equality and Diversity Champion.

4.6 Active Cheshire will develop and publish an annual plan setting out how it will engage with stakeholders and listen to customers. Results of customer/stakeholder surveys will be published on the website.

4.7 Active Cheshire will undertake a quarterly staff/volunteer survey and ensure that results are reviewed at Board and acted upon. High level information will be shared with investors upon request.

## 5. Standards and Conduct

**Statement of Commitment:** Active Cheshire will uphold high standards of integrity, and engage in regular and effective evaluation to drive continuous improvement within the organisation

### 5.1 Code of Conduct

The purpose of this Code is to stress the importance that the Board places upon achieving high standards of conduct throughout its work and to provide operational guidance. It should be read in conjunction with agreed policies and procedures and the Memorandum and Articles of Association.

The Code is underpinned by a strong emphasis on behaviours which will be evaluated as part of all Trustee reviews:

**Culture** – we will create a culture of inclusion and accountability, demonstrating courage to do the right thing for the right reasons, applying sound business judgement and asking the right questions, within an environment of trust and openness (to other perspectives, new ideas, and new approaches). Trustees should be willing to respectfully and constructively challenge management and each other when appropriate and possess independent perspective (avoiding group-think).

**People** – we will assume positive intent when engaging with others, cultivate strong relationships with each other and the CEO, and remain fully present at meetings.

**Systems** – we will ensure systems are relevant, efficient, and support continuous improvement. We will adopt an approach of trust and verify, and comply or explain.

**Communications** – we will wholeheartedly embrace Board decisions as a collective, once agreed. We will communicate responsibly, in-line with the marketing and communications strategy, proactively advocating the charity and its work. We will seek the opinions of other (internally and externally) with an open mind. We will communicate candidly and respectfully with each other.

The Code has been developed in line with current good practice and recognises that the Board comprises diverse individuals with varying and possibly conflicting interests, motivations, expectations and characters.

Accordingly, Directors and Officers must:

- 1) act in the best interests of the Company in all their dealings on behalf of the organisation;
- 2) not receive any financial or non-financial benefits that are not explicitly authorised by the Memorandum and Articles of Association;
- 3) be prepared to spend time reading papers and preparing for meetings and events to ensure that the business of the meeting or event is conducted as efficiently and effectively as possible;
- 4) adhere to policies and procedures for good governance; and
- 5) act in accordance with the Company's policy in relation to Conflicts of Interest and the Disclosure of Convictions and complete the appropriate declarations on request. (see Appendix B and Appendix C).

## 5.2 Meetings

Much of the work undertaken by the Board will be in meetings. The effectiveness of these meetings is critical.

The Board has agreed that Directors have a responsibility to:

- 1) be properly prepared for meetings by reading the papers and reports circulated and by attending all meetings as required;
- 2) seek information from relevant staff or the Chair if they feel that they have not received full information in a timely manner or wish to request additional information prior to a meeting; and
- 3) allow time for open discussion at Board and subgroup meetings.

Written Reports to the Board are to be presented in a standard format to ensure that all relevant implications may be assessed. (See Appendix H).

The formal rules for the conduct of meetings are set out in the Articles of Association.

## 5.4 Confidentiality

- 1) Directors have a responsibility to ensure that all Board agenda papers are treated as confidential and are to be circulated only with the prior permission and agreement of the Board;
- 2) Directors and others attending meetings of the Board must keep all proceedings fully confidential and discuss matters outside Board Meetings only with the permission and agreement of the Board;
- 3) any press or media communication will be referred to the CEO or Chair; and
- 4) Minutes of Board Meetings will be published on the Company's website with the exception of items which are commercially sensitive or contain personal information pertaining to staff.

## 5.5 Conflicts of Interest

### 5.5.1 Policy Background

It is recognised that within any organisation there is always a potential for conflicts of interest. Directors are responsible for ensuring that all actions and decisions taken by them, individually or collectively, must not compromise their integrity and, therefore, their ability to fulfil their legal and other responsibilities to the Company.

Conflicts of interest may arise where an individual's professional, personal or family interests and/or loyalties conflict with those of the Company. Such conflicts may create problems. They can:

- 1) inhibit free discussion;
- 2) result in decisions or actions that are not in the interests of the Company; and
- 3) risk the impression that the Company has acted improperly.

To ensure that all potential conflicts are identified and action taken to minimise any risks, the Board has agreed the following policy and procedures.

### 5.5.2 Responsibility for Implementation

Directors have a responsibility to:

- 1) accept their personal involvement in the practical application of this policy; and
- 2) review and update the policy and assure its implementation.

### 5.5.3 Policy

The Company requires that Directors and any advisers declare any employment, appointment or membership they may have with any organisation that could give rise to a conflict of interests.

An annual 'Declaration of Interests' form (see Appendix C) is provided for this purpose, listing the types of interest that should be declared.

Interests will be recorded in a 'Register of Interests', which will be maintained by Executive Support and updated at each Board meeting. The register will be accessible to all Directors on request and will be published and updated periodically on the Company's website.

The information will be used to ensure that Directors and their advisers act in the best interests of the Company and for no other purpose.

Directors must declare any changes in their interests at the commencement of each meeting.

If a Director fails to declare an interest that is known to the Board or one of the Company's officers, the Chair will declare that interest.

Directors will also be invited to declare any private interest they may have in an agenda item for discussion, where that interest is contractual, financial or otherwise prejudicial. In such a case, the Director will not be allowed to participate in discussion on that item or vote thereafter; and would be expected to vacate the room during that time.

When the Board needs to determine the status of a Director's conflict of interest, the matter will be resolved by simple majority vote.

The Director whose interest is under discussion will not be allowed to participate in the discussion or vote thereafter. This may have implications for whether or not the meeting is quorate.

If, following a decision of the Board, it is subsequently learned that a Director has failed to declare an interest, then the Board will meet in the absence of that Director to decide what action to take, taking account of both Charity and Company law. Such action will vary depending upon the severity of the potential and actual damage to the Company's reputation. This action could include reversal of the original decision and/or the resignation of the Director from the Company.

All decisions relating to conflicts of interest will be recorded by Executive Support and reported in the Minutes. The report will record:

- 1) the nature and extent of the conflict;
- 2) an outline of the discussion; and
- 3) any actions to be taken to manage the conflict.

## 6. Policies and Processes

**Statement of Commitment:** Active Cheshire will comply with all applicable laws and regulations, undertake responsible financial strategic planning, and have appropriate controls and risk management procedures in place

### 6.1 Policy Statement

The Company will ensure that it maintains full and appropriate control over its financial resources and assets, safeguarding resources and ensuring that they are used for the purposes for which they were provided.

### 6.2 Financial Responsibilities of the Board

The Board and staff have a responsibility to accept their personal involvement in the practical application of this policy.

The Board has a responsibility to review and update the procedures relating to this policy and assure their implementation.

To achieve this, the Company will:

- 1) ensure that all Directors are aware of the financial controls, procedures, and methods by which budgets, income and expenditure are set, monitored and evaluated; and
- 2) ensure that the advice and guidance for financial control systems and procedures provided by the appointed auditor, Companies House and the Charities Commission are noted and where appropriate acted upon. ***In practice, this means that the Board must direct, approve, review, and assess the effectiveness and completeness of policy and processes in the following areas.***

### 6.3 Financial Reporting

#### 6.3.1 Policy

The annual accounts will be produced in accordance with relevant accounting standards and timetables, will be published in accordance with all statutory requirements and will be supported by comprehensive working papers.

The accounts will be made available to all stakeholders and partners.

An external auditor will be appointed, or confirmed in continuing appointment, at each Annual General Meeting for the following financial year.

#### 6.3.2 Board Responsibilities

It is the responsibility of the Board to:

- 1) communicate with the appointed auditor (at least once annually) to ensure that the proper accounts and procedures are in place;
- 2) agree a response to the annual management letter produced by the appointed auditor;
- 3) produce proper records of accounts through an appointed external auditor and have those accounts approved by the Members at an Annual General Meeting;
- 4) note and act on advice and guidance for financial control systems and procedures provided by the appointed auditor, Companies House, and the Charities Commission; and
- 5) agree the frequency and location of back-up copies of accounts to be kept in case of fire.

## 6.4 Financial Management

### 6.4.1 Policy

The medium term financial strategy, budgets, and any capital programme will be soundly based and designed to meet strategic priorities.

### 6.4.2 Board Responsibilities

It is the responsibility of the Board to:

- 1) adopt a business planning process linked to financial planning and management, ensuring that all Directors are aware of the methods by which budgets (income and expenditure) are set, monitored and evaluated;
- 2) consider and approve an annual budget based on robust medium term financial projections (specifically a 4 year forecast) and risk assessments including the annual recommendations for staff remuneration made by the CEO;
- 3) ensure that arrangements are in place to monitor performance against budgets; that corrective action is taken where appropriate; and that the results of budget monitoring are communicated to Directors at Board Meetings in formal reports (management accounts and forecasts);
- 4) ensure that the financial system meets users' needs;
- 5) consider and approve a capital strategy, where necessary, and approve capital expenditure;
- 6) approve a fixed asset management plan and receive reports on asset management;
- 7) ensure that legal agreements for projects and activities funded from external sources match the income received; and
- 8) consider and approve investment plans and a policy for reserves.

## 6.5 Financial Planning

### 6.5.1 Policy

Spending is to be managed within the known available resources and with reference to the 4 year financial forecast.

### 6.5.2 Board Responsibilities

It is the Board's responsibility to ensure that:

- 1) the Company is financially sound and that spending plans match available resources;
- 2) a medium term financial strategy, specifically a 4-year forecast, is formally agreed;
- 3) the Company manages its levels of reserves and balances. Reserves must be maintained at a level which ensures that the Company's core activities could continue during a period of unforeseen difficulty, taking into account risks associated with individual income streams, expenditure varying from budget, planned activity levels, and organisational commitments; and
- 4) professional advice is received on the investment of funds where appropriate, in line with the guidance and requirements of the Charities Act.

## 6.6 Internal Control

### 6.6.1 Policy

Significant business risks will be managed and arrangements made to ensure a sound system of internal control in order to promote and ensure probity and propriety in the conduct of the Company's business. All Directors are required to be aware of these arrangements.

The Board will review and agree annually formal Financial Regulations covering the day-to-day management and internal control of financial and other resources. The Regulations will include full details of all those with authority/responsibility for banking, contracts, ordering goods and services, cheques, assets, bookkeeping, petty cash etc.

Signatories to bank accounts will be agreed at a meeting of the Directors and the names of these signatories will be recorded in the Minutes

The advice and guidance provided by the appointed external auditor, Companies House, and the Charity Commission will be noted, and where appropriate, acted upon.

### 6.6.2 Board Responsibilities

It is the Board's responsibility to ensure that:

- 1) a risk management process is in place, that risk management procedures are reviewed, and that appropriate insurance cover is held for all assets and activities;

- 2) the risk management system covers partnership working;
- 3) systems of internal control are reviewed annually and reported to the Board;
- 4) codes of conduct are adopted and compliance monitored; and
- 5) arrangements to detect fraud and corruption are effective, ensuring that anti-fraud policies, whistle blowing procedures, and arrangements for special investigations are in place.

## 6.7 Value for Money

### 6.7.1 Policy

The Company will achieve, manage and improve the value it obtains for all its purchases of goods and services.

### 6.7.2 Board Responsibilities

It is the Board's responsibility to ensure that:

- 4) costs are commensurate with service delivery, performance and outcomes achieved;
- 5) costs reflect the Company's priorities;
- 6) value for money is monitored and reviewed; and
- 7) procurement and other spending decisions take account of full long-term costs and benefits.

## 6.7 Directors' Expenses

### 6.8.1 Policy

Directors will be fully reimbursed for travel and other approved costs incurred in the performance of their duties.

Travel costs are currently agreed as follows:

Car mileage rate:

£0.45 per mile

Public Transport – trains/buses:

All at 2<sup>nd</sup> or standard class/charity line (to be arranged by Executive Support)

Parking:

Reimbursed at cost with appropriate receipts

Accommodation:

By prior agreement with the Board (to be arranged by Executive Support)

Process:

Expenses claim forms will be supplied by the Executive Support Officer. All claims require appropriate receipts

## **Appendices**

Record of Directors' Induction

Fit and Proper Persons Test

Conflict of Interests Declaration

Chair Annual Review

Vice-Chair/SID Annual Review

Directors Annual Self Appraisal Form

Scheme of Delegation

small steps. **big impact.**



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