



# Governance

Governance is the process and systems by which the board of trustees of a carnival arts organisation will ensure that it is being effectively and properly run. The trustees will provide leadership, strategy and direction for the organisation and be concerned with its vision, values, culture and achievements of the company.

Governance is not necessarily about doing but ensuring that things are done. However, as most carnival arts organisations are small it is inevitable that board members will be involved in decision making and monitoring as well as the day-to-day activities.

## Who provides Governance

A carnival arts organisation will elect or appoint people to sit on its governing body. These people are known collectively as a board of trustees. This name can differ, for example, the board could be called a management committee, directors or council members. If the organisation has charitable status then the group will be known as Trustees. Whatever the collective name they are the group that has been entrusted to oversee the organisation.

Trustees should be aware that, depending on the form of governance adopted, they can be both legally and financially responsible and held to account if their organisation becomes insolvent.

The board will oversee the organisation and make sure that it fulfils its mission and remains viable. It will make important decisions regarding strategy, finances and activities. It will appoint its senior personnel and it will monitor and evaluate performance against organisational goals.

Trustees draw on a range of perspectives, skills and specialisms to assist with the governance of an organisation. Trustees should have knowledge and understanding of the external environment and possess qualities such as anticipation, wisdom and sound judgement.

A board of trustees functions should involve:

- Setting policy, strategy and objectives
- Monitoring performance and its own performance
- Proposing new initiatives that will benefit the organisation
- Providing accountability for the organisation
- Acting as representatives for the company



## Structure

Carnival organisations will need to consider the type of legal form that best meets its needs. Organisations could be formed as a company, a trust or an association. Legal forms are either governed by statutes of law or by case law. A legal form can either be incorporated or unincorporated. In summary, incorporation means that a legal identity for an organisation is separate from its members. Incorporation offers protection to the board members against risks such as financial liability and legal action.

The full list of legal forms available to voluntary and community organisations are:

- Association
- Trust
- Partnership
- Company limited by guarantee
- Company limited by shares
- Industrial and provident society
- Limited liability partnership
- Community Interest Company limited by guarantee
- Community Interest Company limited by shares
- Charitable Incorporated Organisation

## Charitable status

Carnival organisations may wish to seek charitable status for their organisation. A charity is a separate legal status and is not a legal form. In order to be a charity an organisation must exist for purposes that the law recognises as exclusively charitable and exist for the public benefit. Current law on public benefit is that in order to be charitable, a trust must have purposes which fall under one of the four heads of charity and must be shown to promote a public benefit of a nature recognised by the courts. The benefit must be available to all of the public or to a sufficiently large section of the public.

The four heads of charity are

- the relief of poverty
- the advancement of education
- the advancement of religion
- other purposes beneficial to the community

Revisions to charity law in the Charities Act 2006 sets out thirteen broader interpretations of charitable purposes, one of which now includes 'the advancement of the arts, culture, heritage or science.'



## **Constitution**

The constitution is the rules of the organisation that set out what you do or intend to do. As well as having a legal purpose it also clarifies decision-making and accountabilities. For organisations with a certificate of incorporation (a company of some form registered at Companies House) the rules are laid out in the Memorandum and Articles of Association. The Memorandum states the rules and procedures by which the organisation operates and the Articles set out what the organisation does.

## **Pitfalls of governance for carnival arts organisations**

Many carnival arts organisations exist with limited resources and are run by volunteers. Few are in a position to have paid staff and as such the trustees are generally the same people who do all the work. Defining the boundaries and responsibilities between the board as a whole, individual members and employed staff can cause confusion in small organisations. Carnival arts organisations have to attempt to strike a balance between governance and management.

Furthermore a board may lack the skills or experiences required for a modern day carnival arts organisation but often a predominance of 'old hands' creates cliques which can be off-putting to new people.

## **An effective Carnival Arts board**

An effective board of trustees:

- Looks at the bigger picture
- Seeks and obtain good information
- Asks the right questions
- Balances future focus with daily operations
- Has necessary skills to govern
- Works as a team
- Has distinctive voices and guard against faulty decision making
- Is active and interested
- Listens to members, responds to their concerns and keeps them informed of plans and decisions

Further information on governance can be found at:

[www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

[www.governancehub.org.uk](http://www.governancehub.org.uk)