

## Terms of Reference for the Board

The governance structure for LGM CIC is designed to provide the necessary legal framework for the ownership of assets and responsibility for resources, whilst also ensuring strong management and accountability for service delivery to stakeholders (particularly our residents), and demonstrable public benefit to the Office of the Regulator of Community Interest Companies.

The Directors make the strategic decisions required for the CIC to carry out its work. The Directors must act in accordance with the requirements of the Companies Act 2006 which means that they must act in the best interests of the CIC and should not therefore act for personal gain.

The Board of Directors has ultimate responsibility for what LGM CIC does, consistent with the Community Trust Declaration and Articles of Association\* (Section 2.1 and 2.2 of the Declaration) and the Companies Act 2006 (together with subordinate legislation) and the Community Interest Company Regulations 2005 which state that Directors are responsible for ensuring the CIC meets its statutory and other obligations.

Company Law (related to CIC's) lays down a number of duties on all directors, which are reflected in these terms of reference. In essence these are:

- a. Duty 1; Observe the Constitution
- b. Duty 2; Act in good faith
- c. Duty 3; Use independent judgement
- d. Duty 4; Care, skill and diligence
- e. Duties 5-7; Conflicts of Interest and personal benefit

These Terms of Reference complement the provisions of the Community Trust Declaration and Articles of Association which are the over-riding governance document for LGM CIC and where further details may be found.

LGM CIC have adopted a Code of Conduct which requires Directors and its executive staff at all times to uphold and enhance the ethos, culture and reputation of LGM CIC. This includes in the provision of services and to safeguard the interests of residents and stakeholders in accordance with relevant legislation and professional codes of conduct. Through the detail of this Code, LGM CIC is promoting the organisation as effective, open and accountable, with the highest standards of integrity and stewardship and promoting working relationships with any staff and advisers to be productive and supportive.

### **ROLE**

The role of the Board of Directors is to:

- i. Ensure that LGM CIC has a clear vision and a strategy focused on its purposes for the Managed Land and public benefit for the long term
- ii. Ensure that LGM CIC complies with and meets the requirements of the Community Trust Declaration and the Articles of Association, and maintains a strong ethos and value in all that LGM CIC does
- iii. Ensure that LGM CIC complies with legal and regulatory requirements
- iv. Ensure that LGM CIC acts with reasonable care and skill taking sound and expert advice as appropriate from LGM CIC's executive staff, directors and advisors before decisions are made
- v. Ensure that LGM CIC maintains the confidence of its members through being accountable and transparent
- vi. Ensure LGM CIC is solvent and remains so, and that LGM CIC adopts and maintains high standards of financial stewardship including appropriate levels of reserves
- vii. Act as long term stewards of LGM CIC's assets, and ensure LGM CIC's long term financial stability and sustainability
- viii. Agree performance targets for LGM CIC and associated management team
- ix. Ensure that LGM CIC's staff and volunteers are provided with appropriate training and resources to maximise their effectiveness and safety
- x. Manages LGM CIC's exposure to risk.

## **FUNCTIONS OF THE BOARD**

Part 3 of the Articles of Association contains the Functions of the board, which with added emphasis as appropriate are:

### **1 Shape conduct and sound governance by:**

- 1.1. Defining and ensuring compliance with the values and objectives of LGM CIC and the generally accepted standards for Trustees (including the seven Nolan 'public life' principles (Community Trust Declaration 2.1 and 2.2)
- 1.2. Ensuring that appropriate advice is taken and in particular on matters of legal compliance and finance
- 1.3. Agreeing appropriate policies and procedures to underpin solid governance and strong internal control.

### **2. Shape strategy by:**

- 2.1. Establishing strategies, policies and plans designed to achieve LGM CIC's objectives in relation to all areas of work

2.2. Approve each year's budget (and longer term financial plans) and each year's accounts.

**3. Shape effective leadership by:**

3.1. Establishing and overseeing a framework of delegation of its powers to Committees and Working Groups and management as appropriate with proper systems of control (Articles 6.3)

3.2. Appointing (and if necessary removing) the LGM CIC Manager (or similar role) and other senior officers of LGM CIC. Ensuring a performance development process for management and staff is in place, including LGM CIC Board's responsibility for reviewing the performance of LGM CIC Manager.

**4. Shape strong community engagement and development by:**

4.1. Creating framework processes and protocols which encourage strong community participation and interest in both the objectives and work of LGM CIC

4.2. Establish appropriate forums through which residents and others within the community may connect with and inform the work of LGM CIC, and connect with each other.

**5. Shape performance by:**

5.1. Monitoring LGM CIC's performance in relation to its plans, budgets, systems of control, management and decisions, including evaluating the Board's performance

5.2. Ensuring that LGM CIC's affairs are conducted in accordance with The Community Trust Declaration, its objectives and generally accepted standards of performance and propriety.

**6. Shape accountability by:**

6.1. Accounting for LGM CIC's and Board's actions in appropriate and transparent ways as required by law and general accepted good practice.

**FUNCTIONS OF THE BOARD OF TRUSTEES**



The Board shall direct and manage the property and affairs of LGM CIC in accordance with LGM CIC's Community Trust Declaration and Articles of Association (Articles Part 3).

The Board may delegate any part of LGM CIC's functions in accordance with the Articles and subject always to the provisions of the Community Trust Declaration (Part 3 (4.2 & 6) of The Articles).

The Board may at any time and for any reason dissolve or amend the Terms Of Reference of any committee or working group it appoints or withdraw or amend any delegation to any person.

The Board will ensure that orderly arrangements for succession are in place such that where The Articles require that members of the Board, or any committee or working group, shall retire at the appropriate time, the Board shall ensure that new appointments are made.

## **DELEGATIONS**

The Board will approve a scheme of delegation to the LGM CIC Manager (or equivalent post) in respect of operational management matters.

## **MINIMUM NUMBER OF DIRECTORS & QUORUM**

- The Board of Directors will be no less than 2 Directors
- The Board will appoint its chair and vice-chair
- There is currently no quorum of the Board.

\*Please note that should the draft Articles be passed at the AGM on the 19<sup>th</sup> March 2024, the new approved Articles will preside over the previous versions. This Terms of Reference may need to be updated accordingly.