



## Managing a social enterprise

There are a number of people involved in managing a social enterprise. For those individuals and the group of people as a whole, there are many responsibilities. The following duties and responsibilities belong to those individuals that have subscribed to the governing document (Articles of Association) whom have registered their involvement with Companies House. The management of an enterprise is often referred to as governance as it is how the Company is “governed”.

One of the main characteristics of a social enterprise is that the social enterprise is strategically and financially managed by a number of individuals representative of the community and not one sole individual.

The following criterion applies to the board of Directors on a social enterprise:

- There has to be a minimum of three Directors
- Directors must be unrelated to each other
- Employed Directors make up the minority except in the case of cooperatives

### The Role of the Board of Directors

The board of Directors is legally responsible for the overall management of the social enterprise. In law, duties include being responsible for:

• Contractual obligations	• Employment law
• Health and safety	• Environmental law
• Data protection	• Safeguarding duties for example CRB checks of individuals involved
• Companies House obligations	• Charities Commission obligations
• Her Majesty’s Revenue and Customs (HMRC) obligations	• Financial stability

The board of Directors are responsible for ensuring that the social objects within the Articles of Association are adhered to guaranteeing best practice and that the enterprise’s social obligations are met accordingly. They also, in law, have to govern with due diligence in line with the Directors’ responsibilities.

## **The Role of Individuals**

All individuals on the board of Directors are responsible for the social enterprise's development.

Practical responsibilities include:

- Determining the organisation's mission and vision
- Engaging in strategic planning
- Approving and monitoring the Business Plan
- Ensuring policies/procedures are formulated
- Guaranteeing the adequacy of financial resources
- Providing effective financial oversight
- Ensuring sound risk management
- Selecting, supporting and appraising the Senior Manager
- Defining the relationship between the Board and the Staff
- Being a responsible employer
- Enhancing the organisation's public image
- Selecting and inducting new Board members
- Carrying out a skills matrix of the board and undertaking relevant training

## **Officer Roles within a Board of Directors**

Members:

- Elect Directors
- Pay their guarantee
- Attend Annual General Meeting (AGM), Extra General Meeting (EGM)
- Can call EGM
- Good governance (ensuring the right Directors are voted onto the board and represent their views accordingly)

Chairperson:

- Chairing meetings
- Casting second vote if required (can be written into the governing document)
- Agenda planning
- Representing the social enterprise
- Senior staff liaison
- Forefront of the organisations
- Senior contact for funding applications and / or contract work

Company Secretary:

Companies House and / or Charity Commission duties:

- Arranging meetings
- Submission of annual returns
- Submission of annual accounts
- Records of meetings
- New Directors registrations
- Resigning Directors

Her Majesty's Revenue and Customers (HMRC) duties:

- Submission of annual accounts
- Submission of Corporation Tax return

Treasurer:

- Financial overview
- Cheque signatory
- Finance staff liaison
- Liaison with accountant
- Completion of annual accounts

### Liabilities and Accountability

- The Directors must ensure that the enterprise operates according to the rules set out in the governing document (Memorandum and Articles of Association). The Directors vote on appropriate decisions which are recorded at board meetings
- The Directors are liable for submission of Companies House / Charity Commission documentation. This could mean being prosecuted for illegal trading if the returns are late enough for Companies House to strike the social enterprise off the register
- The Directors are liable for submission of Corporation tax returns. If late you might get fined
- The Directors must ensure there are adequate financial resources
- The interests of the members and community have to be taken into account when taking decisions
- The Directors must ensure there is no conflict of interest when decisions are being made
- The Directors may be fined or taken to court if deadlines for submission of documents to Companies House/Charity Commission and Her Majesty's Revenue and Customs (HMRC) are not met

### Developing the Board of Directors

<ul style="list-style-type: none"><li>• Board of Directors handbook</li></ul>	<ul style="list-style-type: none"><li>• Induction programme</li></ul>
<ul style="list-style-type: none"><li>• Job descriptions, personnel specifications</li></ul>	<ul style="list-style-type: none"><li>• Skills assessment</li></ul>
<ul style="list-style-type: none"><li>• Skills gap filling – training/development, recruitment</li></ul>	<ul style="list-style-type: none"><li>• Policy development and/or review</li></ul>

### How to Manage a Meeting

- The Chairperson sets the agenda for the meeting
- The Company Secretary invites the Directors to the meeting
- The Chairperson chairs the meeting, going through the agenda
- Attendees and those absent are recorded
- Any previous minutes are read by the Directors and agreed
- The agenda points are addressed with votes taken to agree actions
- Every issue may be determined by a simple majority or the Chairperson may have the deciding vote
- The Directors review the finances presented at each meeting and agree actions
- The Company Secretary takes minutes of the meeting

## Where to go for Further Help

[www.seeahead.co.uk](http://www.seeahead.co.uk)

[www.gov.co.uk](http://www.gov.co.uk)

[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)