

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**) and 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”.

Governance of a social enterprise

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 of a social enterprise:

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

The Board of Directors

The board of directors are legally responsible for the overall management of the social enterprise. Legal duties include being responsible for:



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| <ul style="list-style-type: none"> • Contractual obligations • Health and safety • Data protection • Companies House obligations • Her Majesty’s Revenue and Customs (HMRC) obligations | <ul style="list-style-type: none"> • Employment law • Environmental law • Safeguarding duties for example DBS checks of individuals involved • Charity Commission obligations • Financial stability |
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The board of directors are responsible for ensuring that the social objectives 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 on the Board of Directors



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 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



<p style="text-align: center;">Members</p> <ul style="list-style-type: none"> • Elect directors • Pay their guarantee (usually £1) • Attend Annual General Meeting (AGM), Extra General Meeting (EGM) • Can call an EGM • Good governance (ensuring the right Directors are voted onto the board and represent their views accordingly) 	<p style="text-align: center;">Company Secretary</p> <ul style="list-style-type: none"> • Deal with transfers of share ownership (if applicable) • Maintain company records • Reporting to Companies House 	<p style="text-align: center;">Chairperson</p> <ul style="list-style-type: none"> • Chairing meetings • Casting second vote if required (can be written into the governing document) • Senior contact for funding applications/contract work • Senior staff liaison • Represents the social enterprise • Agenda planning • Forefront of the organisation
<p style="text-align: center;">Companies House/Charity Commission Duties</p> <ul style="list-style-type: none"> • Arranging meetings • Submit annual returns • Submission of annual accounts • Records of meetings • New Directors registrations • Resigning Directors 	<p style="text-align: center;">HMRC Duties</p> <ul style="list-style-type: none"> • Submission of annual accounts • Submission of Corporation Tax return 	<p style="text-align: center;">Treasurer</p> <ul style="list-style-type: none"> • 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 (Articles of Association). The Directors vote on appropriate decisions which are recorded at board meetings.
- 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.
- Are liable for submission of corporation tax returns. If late you might get fined.
- Must ensure there are adequate financial resources.
- Must take into account the interests of the members and community when making decisions.
- Must ensure there is no conflict of interest when decisions are being made.
- 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.



Companies House

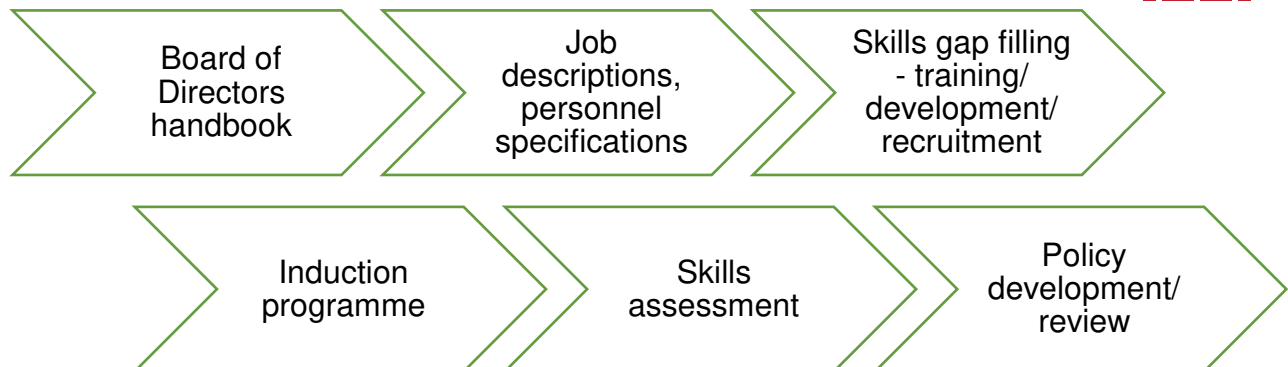
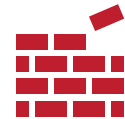


CHARITY COMMISSION
FOR ENGLAND AND WALES



HM Revenue
& Customs

Developing the Board of Directors



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 and circulates them to the board

Where to go for Further Help

- Companies House <http://www.companieshouse.gov.uk>
- Government Website (incl. HMRC and Charity Commission) <http://www.gov.co.uk>
- SEE Ahead – Business Support <http://www.seeahead.co.uk>
- Social Enterprise UK <https://www.socialenterprise.org.uk>
- Social Enterprise Yorkshire & Humber <https://seyh.org.uk>
- Social Value UK <http://www.socialvalueuk.org>

