

# Hexham Business Improvement District Directors' Handbook

Adopted: July 2017

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## 1. Introduction

This Handbook has been developed to provide guidance for the Board of Directors of Hexham BID Ltd. The Board of Directors has overall responsibility for setting the strategic direction and outcomes for the company. It must also demonstrate sound governance of the company and ensure that performance and risk are managed effectively.

## 2. Legal Structure and Articles of Association

The Articles of Association, sometimes called 'the governing document', outline the aims or 'objects' of the organisation. It explains who can be members and how they can become members, who can be a board member and how they become a board member and how decisions are made. It also defines the 'powers', that is, what the organisation can and cannot do with its money and assets, and what it must do if it wishes to close.

The Hexham BID Company is constituted as a not for profit company limited by guarantee, under the Companies Act 2006. It was constituted in May 2016. Within that structure there are objects and powers which will determine the powers and remit of the



company and how decisions should be taken.

All Directors must refer to the Articles of Association for the objects and powers of the Company. The objects for which the Company is established are:

- The promotion and facilitation of the Hexham BID area as a place to do business, invest, work, live and visit, though the direct or consequential improvement of its:
  - Economic well being
  - Environmental standards
  - Internal and connecting transport links
  - Built environment
  - Public realm

And through any other means that supports the prosperity of the Hexham BID area and the businesses within it.

### **3. Governance**

Hexham BID Limited wishes to exercise good governance in all its work. Governance can be defined as systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation. Good governance ensures:

- compliance with law and regulation
- the objects of the company are advanced
- that the company is well run and efficient
- that problems are identified early and dealt with appropriately

There are said to be three modes of governance:

#### **Fiduciary**

Fiduciary Governance leads the board to ask, "What do we have and how do we use it?" The fiduciary mode fosters accountability and promotes discipline. The work involves facts, figures, financials, and risks.

#### **Strategic**

Strategic Governance leads the board to ask questions about market positioning and market share; about strategic drivers and priorities; about competition and comparative advantage; and about who the key stakeholders are. Strategies are developed by looking at what is going on now, thinking about a desired future, and exploring ways to close the gap between the two.

#### **Generative**

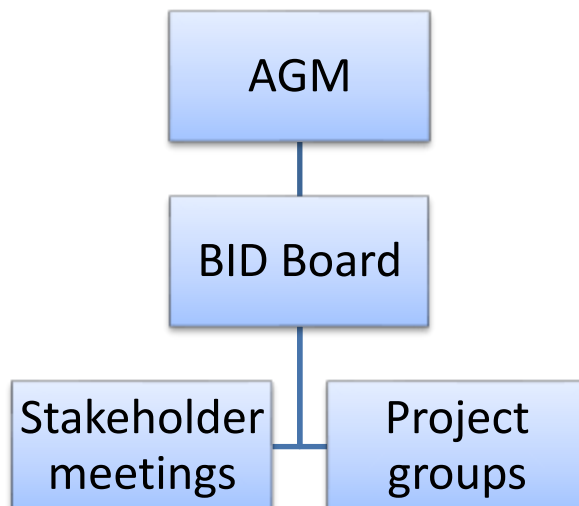
Generative Governance leads the board to ask the questions that come before the fiduciary and strategic questions such as: Have we framed this issue correctly? How else might we look at this? What else should we consider? Generative thinking can lead to a reconsideration of how the current state may best be understood.

Directors can contribute to good organisation governance by:

- acting in the company's best interests at all times
- being aware of other laws or regulations that apply
- making balanced, informed decisions in a majority if necessary
- being prepared to question and challenge, including over conflicts of interest
- managing risks, protecting assets (reputation) and people
- having and following appropriate controls and procedures
- taking responsibility for, staff and volunteers
- deciding when you need advice
- preparing for meetings
- being prepared in case something does go wrong
- being able to show that your organisation complies with the law and is effective
- being accountable to members and others with an interest in the organisation

Hexham BID will support good governance by allocating appropriate time and resources to it. New board members will be offered a formal induction to facilitate the use of the Handbook. All Directors will receive a copy of the governing document and all policies and procedures. They will be helped to understand clearly the objects or aims of the organisation and the named roles and responsibilities of all other board members. They will also be given a copy of the organisation's latest accounts.

The governance structure is as follows:



#### 4. Becoming a Director

Directors are elected at the Annual General Meeting, or co-opted by the Board if a vacancy arises in between AGM meetings. Only members of the BID are eligible to become Directors.

On being elected or co-opted, you will be offered a Board induction, and provided with a Directors pack. The Manager will support you in your role and endeavor to answer any questions you may have.

## **5. Board Terms of Reference**

As a whole, the Board of Directors has the following actions within its remit

- To fulfil the Objects of the BID Company as detailed in its Articles of Association
- To approve Vision, Mission and strategy documents of the BID
- To propose to the AGM any alterations to the Memorandum & Articles of Association
- To establish such sub committees, stakeholder or project groups as it sees fit
- To approve, review and amend policies and procedures
- To approve significant asset related matters, including purchase and disposal and approve any programme of capital works
- To approve any process for the selection, appointment, payment, disciplinary action or dismissal of the Manager or senior employees
- To determine any issues relating to the maintenance of standards and conduct of Directors, the Manager or Company employees
- To approve the annual budget
- To propose the Company's external auditors, to consider and scrutinise audit reports, review audit fees and consider any questions arising from the resignation of the auditors or a proposed change in auditors
- To take any other decisions which cannot legally be delegated to the Manager, a Director or company employee

## **6. Duties of the Board**

Under company law, it is the duty of each Director of the Company:

- to take decisions (and exercise his/her other powers and responsibilities as a Director) in such a way as he/she considers, in good faith, which will promote the success of the Company in achieving its purposes
- to act in accordance with the Company's Articles of Association, and to exercise his/her powers only for the purposes for which they were conferred
- to exercise independent judgment
- to exercise reasonable care, skill and diligence
- to avoid a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company (but not insofar as relating to a transaction or arrangement with the Company itself, but rather with third parties)
- not to accept benefits from third parties conferred by reason of his/her being a Director or his/her doing (or not doing) anything as a Director
- declare interests in proposed transactions or arrangements with the Company

## **7. Attendance at meetings**

Board members will be invited to all board meetings. A minimum of rate of 80% attendance is expected of Board members. The board may agree that if these rules are not adhered to, a board member may be asked to step down from the board.

## **8. Individual roles and responsibilities of Directors**

The board of Hexham BID has agreed a skills based governance model which encourages board members to take on specific roles on the board. The type of role(s) that might be expected to be taken up by a Director are as follows:

- Project lead (ongoing): each project the BID develops has a Board lead
- Board roles (ongoing, cross cutting): Chair, Vice Chair, Treasurer, Strategy Lead, HR lead, Communications lead
- Time limited roles: serving on short life working groups or sub groups, or initiating a short project

General responsibilities include:

- uphold the objectives of the organisation
- to report to the board at every board meeting or ensuring that someone else is briefed to do so
- give adequate time and energy to the duties of being a Director of the Company
- act with integrity, and declare any actual or potential conflicts of interest
- be aware they cannot act on their own, on behalf of the Board of Directors or on the business of the Company, without proper authority from the Board of Directors
- refuse gifts or hospitality where this could be seen as being likely to influence the decisions of the Board of Directors

Directors should ensure other board members (particularly the appropriate sub-groups or leads/backups) are aware of key decisions and actions you are taking and involved as appropriate for the magnitude of the task. If a Director is unable to undertake these duties for a defined time period the Board should be notified so that they may be re-allocated.

## **9. Collective responsibility of Directors**

The principle is that decisions at Board of Director meetings are taken by a simple majority vote - and Directors, whether present at the meeting or otherwise, are bound by such decisions. If an individual Director disagrees with a decision, he/she is entitled to ask that his/her dissent is recorded in the minutes; if the decision was taken at a Board meeting which he/she did not attend, he/she should raise the matter at the next Board meeting or (if there is an element of urgency) request that a special meeting of the Board of Directors be convened. In circumstances of that kind, it would also be open to the



Director concerned to circulate his/her views in writing among the other Directors.

### **10. Confidentiality**

Directors must treat all information and documents provided to them, and all their deliberations in the furtherance of their duties as Directors, as confidential except (a) when authorised or legally required to disclose such information, documents and/or deliberations or (b) when disclosure is being made in compliance with specific arrangements agreed upon by the Board of Directors in furtherance of the Company's policies on transparency.

The use of any confidential information for personal gain is strictly forbidden.

### **11. Honest and ethical conduct**

Directors should act in accordance with the highest standards of personal and professional integrity, not only on the Company's premises but also at Company sponsored business, social events and elsewhere.

They shall always conform to the best standards of ethical conduct and shall be free from fraud and deception. Directors should deal fairly with those that they do business with. No-one should take unfair advantage of anyone through manipulation, concealment, and abuse of confidential information, misrepresentation of facts or any other unfair dealing practices.

### **12. Payments and benefits to directors**

The Company may only make payments to a Director where these relate to legitimate, reasonable out-of-pocket expenses incurred in connection with his/her duties as a Director e.g. travel expenses.

### **13. Policies and procedures**

The work of the Company will be governed by relevant policies and procedures. These policies shall be developed and implemented over the course of the first full term of the BID Company.