

# Guide to Board members' meetings for social businesses that are limited companies

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# Introduction

Congratulations! If you are reading this, then you have most likely been successful in **incorporating your social business as a limited company**, or you are, at least, in the advanced stages of doing so.

The term **Board members** (officially referred to as Directors in limited companies) is used to refer to the people who make up the governing body of your social business. They may also be called Trustees, Board of Trustees, Directors, Board of Directors, Management Committee or Executive Committee.

This guide has been put together to support you, the Board members, who collectively form the Members of the Board. You each have an equal say in how you manage the affairs of the business and have an equal voting right when it comes to making decisions at Board meetings.

For those who are new to acting as Board members, the information contained in this guide may at first seem a little daunting, but as you get into the swing of things it will become second nature! Board meetings, held well, should be enjoyable and give you a feeling of satisfaction for what you have collectively achieved.

## 1. Board members' meetings

You will recall that your governing document, the Articles of Association, contains specific provisions relating to Board meetings. This guide is intended to provide you with more detail and guidance on good practice when it comes to holding Board meetings. It also includes guidance on holding your very first Board meeting. We have a separate guide on general meetings, which are meetings of all the members of your social business.

Please see [Guide to general meetings](#)

Whilst there are no set rules in terms of how often you should hold Board members' meetings, it would be wise to set a timetable of meetings in advance to ensure most Board members can attend the meetings and monitor the business' progress at regular intervals. In terms of process, the Chairperson would usually instruct the Company Secretary (simply Secretary in this guide) to convene Board meetings although any Board member can call a Board meeting.

Please see [Guide to the role of the Company Secretary](#)

Here you can access a 12-month calendar for Board members to use to schedule their management and compliance duties.

Please see [Template compliance log file](#)

## 2. Chairperson

Your Articles of Association will stipulate how the Chairperson is to be appointed. In most cases, Board members will decide amongst themselves who will hold the position of Chairperson, Secretary and Treasurer. These roles may be rotated although having people exercise the roles for a fixed period may help to give your meetings greater structure.

The duties of the Chairperson are basically the same whether acting at Board meetings or general meetings and essentially involves managing the meeting, as follows:

- Ensuring the meeting is held in a timely manner and that the agenda is adhered to.
- Facilitating discussion of each agenda item and seeking the views of all Board members.
- Confirming whether specific agenda items have been approved and the actions that have been agreed.

Please note that your Articles of Association may allow your Chairperson a 'casting vote' at Board meetings. However, the law (Companies Act 2006) does not allow a casting vote for the Chairperson at a general meeting.

Minutes of each Board meeting should clearly state who took the role of Chairperson. If the appointed Chairperson is unable to attend (e.g. due to illness or a potential conflict of interest) then your Articles will stipulate the procedure for appointing an acting Chairperson for that particular meeting.

### 3. Notices - advance notice for your meetings

There is a section in your Articles of Association that is dedicated to Notices. The section (the provisions) quite simply indicates how much notice you should give when calling meetings such as a Board meeting or an annual general meeting and how the notice is to be given.

When it comes to Board meetings, we have touched on the fact that it would be wise to diarise a series of meetings to enable Board members to plan ahead. Failing this, you should refer to your Articles and aim to give Board members the minimum notice period specified.

Whatever your specified notice period is, we would suggest that Board members be sent the agenda and relevant documents in advance of the Board meeting. Agree amongst yourselves a reasonable time period that will allow you to read the Board papers and prepare in advance of the meeting.

### 4. Agendas for Board meetings

Every Board meeting should have an agenda that outlines what will be discussed and in what order. The Chairperson will typically work with the Secretary to draw up an agenda, giving Board members an opportunity to suggest agenda items they think should be discussed.

As mentioned earlier, the agenda and supporting papers (including minutes of the last meeting) should ideally be sent to the Board members one week before the meeting to give enough time to read and study the documents. You will achieve much more during your meeting if everyone has the opportunity and taken the time to prepare. Note that an agenda will typically include the following items:

- Details of the meeting: date time, venue
- Introductions, apologies and quorum
- Declarations of Interest
- Minutes of the last meeting
- Matters arising from the last minutes
- Financial report e.g. sales/income, profit and cash flow reports etc. and performance against targets
- Other business items (e.g. strategic planning, policies, risk management, HR etc.)
- Any other business (AOB) for minor issues not requiring great consideration
- The date of the next meeting.

The agenda and supporting papers may be sent out by post or electronically but it is important to consider the confidential nature of the information that is being sent out and how you may best protect it.

Please see

[Example Board meeting agenda](#)

[Example Board meeting minutes](#)

[Example financial report for Board meeting](#)

## 5. Agenda for your first Board meeting

Above we have highlighted what a typical agenda for a Board meeting might look like once you are up and running. However, when you hold your very first Board meeting, you will have to deal with several "one-off" matters and a meeting should be convened as soon as possible after incorporation.

A typical agenda for your first Board members' meeting will include:

- Introductions, apologies and quorum
- Appointment of chairperson
- Social business/company formation
- Registered office
- Board members
- Accountants and auditors
- Accounting reference date
- Bank account
- Share capital (only if you have incorporated a company limited by shares)
- Register of people with significant control
- Trading entity
- HMRC registration
- Declaration of interest
- Any other business (aob)
- Next meeting.

Please see

[Example agenda for first Board meeting](#)

[Example minutes for first Board meeting](#)

[Guide to opening a bank account](#)

[Register of persons of significant control](#)

[Register of Board members](#)

[Register of Board members' interests](#)

[Register of charges](#)

[Register of members](#)

[Register of Secretaries](#)

## 6. Conflicts of interest

You may recall that the [Companies Act 2006](#) lays out the general duties of company Directors (called Board members in this guide). Two of these duties relate to managing conflicts of interest and state that Directors have:

175. *Duty to avoid conflicts of interest; and*
177. *Duty to declare interest in proposed transaction or arrangement*

A number of situations can give rise to conflicts of interest between the business and a Board member and his/her family members. For example, the business might rent premises from one of the Board members, or a Board member might be a potential supplier or even a competitor or may want to apply for a paid position within the business. When signing up as a Board member, you have a duty to promote the success, and act in the best interest of the business and managing personal conflicts of interest is integral to this duty.

Let's take one of the above examples into consideration and imagine a social business needs premises to work from. One of its Board members has suitable premises that it would be willing to let out on favourable terms. It may well be that this is the best opportunity on the table for the business. As Board members, you will need to demonstrate (in your minutes of the discussion and decision taken) that the member concerned has declared the interest and that you have collectively managed the conflicts of interest appropriately, i.e. made your decisions based on the business' best interest and not the personal interest of your fellow Board members, and that the Board member in question has not been involved in the decision making / voting process.

Having a standing declarations of interest item on the agenda helps ensure that you systematically declare, record and manage these potential conflicts. You may find the following helpful:

Register of Board Members' Interests is available at [Register of Board members' interests](#).

**Further guidance:**

[Principles of sound decision making](#)

The principles in this guide should inform the Board members' approach to decision making.

## 7. Quorum - minimum number of Board members for valid decision making

The quorum required for Board meetings, the minimum number of Board members that must be present for valid decision making, is generally fixed by your Articles of Association. The Secretary or the person fulfilling this role should be mindful of the quorum set in your Articles and should ensure that a quorum is present at the meeting, taking into account individuals who may have to arrive a little later or leave early. If a meeting is inquorate, the minimum number of members are not present at the meeting, then the Chairperson must adjourn the meeting.

The Secretary should also ensure that a quorum is present for each agenda item. As we have discussed, any Board member who has a conflicting interest with a particular agenda item, should abstain from the discussion and voting process. In this instance, the Board member in question cannot be counted as part of your quorum on that item.

For example, if your Articles state that you need a quorum of four at your Board meeting and there are four Board members present, you may be quorate to vote on most agenda items but should a conflict of interest arise on a particular item and a Board member rightly abstains from voting, then you are not quorate to make a decision and it should be adjourned to the next quorate meeting.

## 8. Facilitating attendance at meetings

The issue of ensuring a quorum can be a tricky one, especially if your Board members must juggle multiple commitments and do not live locally. We have touched upon the suggestion of scheduling a series of meetings in advance and how this helps Board members plan their attendance, but also helps to ensure a momentum amongst Board members.

Another method of facilitating attendance at Board meetings is to hold meetings via telephone or even better, one of the many virtual meetings systems available. You will need to check whether your Articles of Association allow for this and importantly, whether all Board members have equality of access to the system proposed and can participate fully.

If you do decide to hold some or all your meetings 'virtually', you may wish to develop a specific policy. Please note that when you hold a virtual meeting, you should still stipulate a physical venue for your meeting in your notice and minutes. This could be the Chairperson's location during the meeting or any other Board members.

## 9. Resolutions and voting

The rules on voting at meetings of the Board will be outlined in your Articles. Board meetings are usually much less formal than general meetings and decisions are normally reached by consensus rather than being put to a vote. In many instances, items on the agenda will not require a formal resolution (a legally binding decision) or vote and it will be a case of presenting updates to bring the Board up to speed and record the progress made in the minutes.

When a formal decision needs to be made (i.e. a resolution passed) by voting, Directors in the social business or co-operative context usually have one vote. Depending on the Articles, the Chairperson may or may not have a casting vote in a deadlock situation. The Chairperson does not have to use his/her casting vote but if he/she does so, the casting vote must be used a) to preserve the status quo and b) in the best interest of the business.

Should a Board member vote against a resolution, but the resolution was passed due to a majority vote in its favour, he/she can ask for his/her objections to be formally noted in the minutes.

Whatever the outcome of discussions against each agenda item, the Chairperson should summarise what has been agreed before moving onto the next agenda item. This enables the Secretary to accurately record the decisions made and ensures everyone is clear on what has been agreed.

## 10. Written resolutions

It is worth noting that, subject to the provisions in your Articles of Association, Directors have the option of making valid and effective decisions without calling and holding a meeting. This requires all Board members eligible to vote on a matter, unanimously agreeing to a decision by signing a written resolution or agreeing to it in writing. The resolution or decision becomes effective when the last signature or expression of agreement has been received. A copy of the resolution or relating documents should then be entered into the minute file (see below).

Whilst written resolutions might not be ideal if the matter in hand requires discussion, they do provide the Board with some flexibility when swift decisions need to be made and an urgent face to face meeting cannot be arranged. Please note though that a resolution may be passed by a simple majority vote during an actual Board meeting, whereas all Directors eligible to vote will need to approve a decision when taken by written resolution, when a unanimous vote is required.

Please see [Example written resolution](#)

## 11. Minutes – important records of decisions

The minutes of your meetings are extremely important records. They detail the decisions agreed at a meeting and in legal terms, they provide documentary evidence that decisions were made in the right way. The Companies Act 2006 requires minutes of Board meetings to be recorded and kept for 10 years, along with any papers that were presented at the meeting.

Minutes are also important as they serve as a reminder of what actions people have agreed to take and as a means of checking your progress against such actions. For a Board member that was not able to attend a meeting, they can easily bring themselves up to speed by reading the minutes.

The role of minute taker can be assigned to a specific individual or it can be rotated. The minute taker will be required to take notes during the meeting itself and then prepare and circulate a set of draft minutes to the Board members for comment. They should be included in the papers for the next Board meeting and if approved as a true and accurate record, signed off by the Chairperson. Amendments can be made to the minutes and these should be noted at the beginning of the next set of minutes.

The signed minutes should be filed safely, and it is highly advisable to make an electronic copy of each set of signed minutes and the accompanying papers in case of loss or damage.

Please see

[Example Board meeting agenda](#)

[Example Board meeting minutes](#)

## 12. Writing minutes

Writing minutes is a skill! The minute taker must ensure that the record of the discussion and the decisions taken is accurate, whilst also remaining concise.

Each social business will have its own preference as to the style of minutes it adopts, but you should ensure the following information is included and that the content of the minutes preferably mirror that of the agenda:

- The name of the social business
- Where the meeting was held (the physical location of one of the Board members if the meeting was held virtually)
- Date of the meeting
- Names of those present at the meeting (if anyone leaves or re-joins the meeting it should be minuted)
- Who chaired the meeting
- Who took the minutes
- Apologies for any absences
- Approval of previous minutes
- A record of proceedings and resolutions put to the Board and the result of any vote.



### Some tips for taking notes during the meeting

- Spend more time listening than writing! Listen to the meaning of the discussion as that's what needs to be noted
- Summarise the discussion
- Use the sample minutes as a template to slot your notes into
- Use symbols and abbreviations of your own
- Use a star or a red pen to note action points
- Do not hesitate to check that you have understood the discussion points!

### 13. Sub-committees

Subject to the provisions of your Articles of Association, the Board may delegate some powers to sub-committees. Members of the sub-committees must be appointed by a resolution of the Board. The resolution should specify the duties of such sub-committee together with any conditions on the exercise of their powers. The social business' Articles usually provide that the regulations governing Board meetings should also be applied to the procedures at committee meetings and the rules relating to Board meeting minutes apply equally to meetings of any sub-committees of the business.

It is strongly advisable to draw up terms of reference for any sub-committee that you form so that everyone has absolute clarity on the objectives, extent of authority and reporting procedures.

Please see [Example sub-committee terms of reference](#)

Don't forget, if you need specific advice or guidance on your Board meetings, please do not hesitate to contact us on [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop)

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