

**MEMBERS SERVING ON OUTSIDE BODIES
GENERAL ADVICE AS TO ROLE ON OUTSIDE BODIES**

There are a number of outside bodies with which Members may become involved, such as sports clubs, housing associations, community organisations, trusts, volunteer groups, companies, etc. In some cases, the Council appoints the Member to serve as its representative on the outside body. In other cases, the Member may have been appointed independently of any Council involvement.

The law lays down many requirements with which Members must comply.

These duties include:-

- A duty to act in accordance with the rules, constitution and framework of the outside body.
- A duty to take a proper role in the affairs of the outside body, including taking decisions on behalf of the outside body.

As a general rule, if a Member is involved in an outside body as a Director, Trustee, or member of the body's management committee, the primary duty which the Member owes is to the outside body. The Member's involvement will often mean that the Member will have to register his or her involvement under Part 3 of the Model Code of Conduct, and declare such involvement as a "personal interest" under the Code, whenever an item concerning the outside body is discussed at a Council meeting.

If a Member does declare a personal interest under the Code of Conduct, the Member should then consider whether the interest is a prejudicial interest. If it is a prejudicial interest, the Member will have to leave the meeting, unless the Code allows the Member to remain (and then only when it is not unreasonable or unlawful to do so).

It is possible that the Member may find he/she is unable adequately to carry out their responsibilities properly, both as a Member of the Council and as a member or director of the outside body. But that would be a rare exception, and should not deflect Members generally from being prepared to participate in the management and running of outside organisations.

1. INTRODUCTION

1.1 There are a number of types of outside bodies in which Councillors may become involved, either independently, or as a representative appointed by the Council. Some common examples are:-

- Charitable Trusts
- Companies limited by shares
- Companies limited by guarantee
- Unincorporated associations

The structure of each type, the management, and the rules which govern the organisation, vary. The following table shows how each type is set up and managed:-

	Governing Document	Management	Possible Councillor involvement	Common types of organisation
Charitable Trust	Trust Deed	Trustee Meetings	Trustee	Playing field trusts
Company limited by guarantee	Memorandum and Articles	a) Board of Directors b) Meetings of shareholders	Director	Charitable organisations, housing associations, community associations
Company limited by shares	Memorandum and Articles	a) Board of Directors b) Meeting of shareholders	Director	Commercial organisations (for example, providing contractual services)
Unincorporated association	Constitution	Management Committee Members meeting	Management Committee member	Community associations

- 1.2 In carrying out their duties as a Trustee, Director, or Management Committee member, Councillors must take decisions without being influenced by the fact that they are a Councillor. Their primary duty in acting as a representative making management decisions for the outside body is to make these decisions in the interests of the organisation. Councillors should always ensure that their fellow directors/trustees are aware of the fact that they are Councillors.
- 1.3 Councillors may take account of the wishes of the Council when dealing with the affairs of the outside body, but this must always be subservient to the duty to act in the best interest of the outside body. Accordingly, Councillors should not take decisions for the outside body simply on the basis of the Council's wishes; rather, they should properly consider all the relevant issues, including the Council's view, and take a reasoned decision in the best interests of the organisation.
- 1.4 Although Councillor representatives are not expected to be expert in all matters which may be put before them, they are under a duty to ensure that avoidable loss is not incurred in managing the organisation. Where necessary, they should seek proper advice from Linda Fisher, Head of Legal and Democratic Services, Tel. 01706 252447, email lindafisher@rossendalebc.gov.uk