



86th Annual General Meeting of North Western Reform Synagogue (Alyth)
Sunday 12 May 2018 at 10:15

Note on Incorporation of Alyth and associated Articles of Association and Rules.

"Good governance in charities is fundamental to their success. A charity is best placed to achieve its ambitions and aims if it has effective governance and the right leadership structures. Skilled and capable trustees will help a charity attract resources and put them to best use. Good governance enables and supports a charity's compliance with relevant legislation and regulation. It also promotes attitudes and a culture where everything works towards fulfilling the charity's vision" [*The Charity Commission Good Governance Code (2017)*]

As a thriving synagogue, it is important that a legally sound governance structure is in place. The structure should be facilitative in nature and in-keeping with the vision and values that underpin all that we do at Alyth, enabling us to continue to be the dynamic and visionary community that we are.

This paper outlines the journey that has been taken to get us to this point in time, when the community is being asked to approve new governing documents for Alyth. Doing so will establish a model of governance that responds to the organisational needs of Alyth today, to the increasingly demanding obligations placed on charity trustees and to the changing landscape in which the Jewish Community will operate in the coming 10, 15 and 20 years.

1. THE JOURNEY SO FAR:

i. A Governance Group was convened in October 2017

with the remit to review the efficacy of the existing governance model that has served the community for the past 10 years. The group was asked to review the current model and to make recommendations in the context of new parameters of good governance, enabling the creation of a model of governance that is fit for purpose for Alyth, mirroring internal and external developments in the environment in which Alyth operates.

ii. The Governance Group recommended

that the Synagogue incorporate becoming a Company Limited by Guarantee, providing a level of protection for the Trustees that is not currently in place. The Governance Group concluded that Alyth requires a model of governance that ensures that we continue to be innovative and visionary, providing improved strategic oversight and fulfilment of trustee responsibilities; responding to the needs of members more broadly and effectively and providing an appropriate framework for the building and future development projects.

iii. At the AGM in May 2018 the community resolved that

(i) Alyth be incorporated, becoming a company limited by guarantee, (ii) the Governance Group was empowered to prepare all the necessary governing documents necessary to implement (i) above, including but not limited to the Memorandum and Articles of Association, as well as any Rules and relevant Bylaws, and that (iii) before implementation, the relevant governing documents and any related recommendations be brought to the membership for approval at a further general meeting of Alyth.

iv. Having carried out an extensive consultation process

with substantive input on a new model of governance from the Governance Group, Members of the community, Council and Executive, and with additional oversight of the documentation from a group with expertise in such matters and the professional services of a lawyer; the Trustees have approved the resolutions set out in the Notice of the Annual General Meeting sent to Members on 17 April 2019.

2. The creation of a new model of governance for Alyth has 3 clear aims:

- Adaptability:
 - i. providing a structure which will enable flexibility and innovation with broader involvement,
 - ii. increased participation in policy creation and decision making and,
 - iii. most significantly, greater opportunities to have a rich communal conversation with the broad range of our membership about strategy and the future.
- Accountability and transparency:
 - i. having a structure in which there are identifiable trustees with clear responsibilities, who are supported to do their job effectively,
 - ii. clear accountability of staff to the trustees and of trustees to the community.
- Limited liability of trustees through incorporation and creating a company limited by guarantee.

3. The Trustees are seeking approval of the Articles of Association and the Rules in order to complete the process of incorporating Alyth as a company limited by guarantee. The Questions & Answers below are intended to inform and provide a lens through which to consider the Articles of Association and Rules (attached).

I. What is the difference between the structure that we have now and the new structure?

Alyth is currently an unincorporated charity or trust, governed by a Constitution. By becoming an 'incorporated' Company Limited by Guarantee, Alyth will be both a charitable company and a charity.

- Alyth will have dual status; registered with the Charity Commission and required to abide by the laws related to charities in the Charities Act, (2011) and also registered as a limited company at Companies House, and subject to the laws set out in the Companies Act (2005).

II. What are the advantages of incorporating?

- Incorporation provides limited liability for the trustees as the charitable company is a separate legal entity. This means that the trustees are not personally liable for the debts of the charity and that their liability is limited.
- An incorporated entity can hold its own assets rather than individual trustees being personally required to do so. The ability to own property and to administer financial assets (investments and bank accounts) all sit with the charitable company, rather than with individual trustees.
- The incorporated entity can enter into contracts and have documents, such as contracts of employment and contracts of service, signed in its own name.

III. Alyth was governed by a Constitution before, what documents will govern the newly incorporated structure?

The current Constitution which has been in place for ten years, has provided a strong, values driven basis on which to draft the new governing documents – The Articles of Association and the Rules.

- **The Articles of Association** are the charter that creates the company limited by guarantee and sets out how it is run and governed and includes the responsibilities and powers of the Trustees and the means by which the membership of the Synagogue exercises control over the Trustee Board.
- The Articles are a public document lodged with both Companies House and the Charity Commission.
- The **Rules** set out the guidance and procedures for the internal operation of Alyth, detailing the make-up of the membership of the congregation and of the Trustee Board, as well as other internal procedural provisions.
- The Rules are an internal document only and do not need to be lodged with Companies House or the Charity Commission.

IV. Why are certain terms being used in the Articles and Rules that are different from those in the Constitution?

As a charitable company, Alyth is required to abide by the laws set out in the Companies Act and to have "Members of the Company" who are also the Trustees of the Charity, and who are required to conduct the business of the charity in the same manner set out for any limited company.

- All the terms used in the Articles of Association and the Rules are defined at the beginning of each document to provide easy reference when reading them.

- In order to avoid confusion between the “Members of the Company” (the Trustees), and the “Members of the Synagogue”, we have referred to the synagogue members as “Congregants”.
- There is a requirement for an “Annual General Meeting of the Company”. In order to avoid confusion with the “AGM” (Annual General Meeting) that we have now, we have referred to this meeting under the new Rules as the “Annual Meeting of Congregants”.
- All other General Meetings are referred to as “General...” or “Special Meetings of Congregants”.
- North Western Reform Synagogue (Alyth) is the incorporated charitable company and is referred to in the governing documentation as “the Charity”.

V. Will we still have a 2-tier structure, ie: Council and Executive to run Alyth?

No, in the new structure there will be a single tier Trustee Board consisting of 15 members who have collective responsibility for the operation and management of Alyth.

VI. How are Trustees elected and how is the Trustee Board structured?

- All Trustees who are standing to fill a vacancy on the Trustee Board will be elected by the Congregants at the Annual Meeting of Congregants. Specifically, the Chair and any other Trustees who are standing for election to fill a vacancy on the Trustee Board are elected at the annual meeting. (Article 15) (Rule 8)
- A Search and Nominations Group is to be established by the Trustee Board. (Rule 6). The purpose of creating this group is to support the long-term development of leadership in the community and to establish a dynamic Trustee Board that reflects the scope and diversity of Alyth’s membership and activities.
 - Whilst the Terms of Reference of the Search and Nominations Group have not been set out, it is the express intention that the make-up of the group will include a broad range of congregants who represent the diverse age, stage and interests of the community.
 - The Search and Nominations Group will seek out potential candidates for trustee roles, as well as being a body that Congregants will approach to explore what it means to be a leader in the community.
 - The Search and Nomination Group will consider potential trustees and will make recommendations to the Trustee Board who will in turn nominate Congregants for election as Trustees.
 - Additionally, any Congregant may stand for election to the Trustee Board by being nominated by 2 Congregants. (Rules 8.3)
- There are 12 Elected Trustees on the Trustee Board, including the Chair, Vice Chair, Treasurer and Secretary, referred to as Designated Officers. (Rule 10)
- The Trustee Board has the power to co-opt up to 3 members onto the Board for a limited period of time to provide needed diversity, skills and communal understanding. (Article 14.5) (Rule 9)
- Elected Trustees will serve for a 3-year term and can stand again for a second 3-year term. This is in line with the current terms set out for Executive members. (Article 15)
- The Chair will serve for a single 3-year term, one year longer than was previously served. (Article 20) (Rule 7)

VII. How are the Trustees held accountable to the Congregants?

- As noted in 1. above, by being incorporated, Alyth will be subject to the legal provisions set out in the Companies Act as well as those already in place under the provisions of the Charities Act. The effect of this is that the Trustee board is entrusted with the legal responsibilities that are required when managing a charitable company and a charity.
- To this end, rather than having an Executive Committee with portfolios as we have now, the Trustees will be collectively responsible for the strategic direction and operation and management of the Synagogue.
- The Trustees will be supported in their work by 3 standing ‘Advisory Groups’ set out in the Articles. (Article 22) These are (i) the Advisory Group for Finance, Fundraising and Risk, (ii) the Advisory Group on Policies and Procedures and (iii) the Advisory Group on Communal Matters.
- Whilst the Terms of Reference for these Advisory Groups have not yet been agreed, the intention is that a broad range of Congregants with skills, knowledge and communal understanding will be central to the work of these groups.

VIII. How are the rights and duties of Congregants affected by this change?

The rights and duties of Congregants are set out in the Articles (Article 15) and are largely unchanged from what is provided for in the Constitution.

- Congregants have the right to: elect the Chair, President and Vice Presidents, to adopt the accounts, to propose and vote on resolutions.
- Congregants continue to have the right to call a Special Meeting of Congregants and to propose resolutions to be voted on at any General Meeting of Congregants.
- As is currently the case, the quorum at any Meeting of the Congregants is 25 congregants present in person and entitled to vote. Every Congregant retains the right to a vote at any General Meeting of Congregants.

IX. Are the Categories for Membership of Alyth still the same?

Yes. The same definitions that apply to synagogue membership that are set out in the Constitution, are used in the Articles of Association and the Rules. (Article 13) (Rule 2)

X. How will congregants be able to speak with and to the leadership to share their ideas, concerns and hopes for the community?

Deepening and broadening the conversations that we have as a community is one of the primary aims of the governance review project. Creating a culture of shared vision, shared responsibility and shared voices is a priority.

Provision has been made in the Articles and Rules for:

- the creation of an Advisory Group for Communal Matters (Article 22) is provided for in the Articles. The aim is for this group to be a conduit to and from the Congregants and a place where ideas, concerns, strategy and other related communal issues are shared.
- Community Forums (Article 16). The Trustee Board is committed to holding numerous Community Forums each year to provide opportunities for the Congregants and leadership to meet to discuss issues of importance.
- To broaden participation in discussion about ritual and services, specific provision is made in the Rules (Rule 18.1) for there to be any number of Community Forums held to discuss such matters with our Rabbinic Team.
- Provision is made in the Rules for Working Groups and Task Forces and any other Advisory Groups that the Trustee Board considers are needed. (Article 22) (Rule 15). The purpose of these groups is for the Trustee Board, together with the membership, to consider specific matters or to achieve clarity on certain issues, within a set period of time, and for them to make recommendations to the Trustee Board.

XI. Will there still be a President and specifically, Vice Presidents?

Absolutely. Just as we have now, there will be a President and three Vice Presidents who serve on a three-year rotational basis, with one Vice President retiring each year.

The responsibilities and duties of the President and Vice Presidents are set out in Rules 4.5 and 4.9.

XII. Are there provisions for limiting the expenditure and borrowing power of employees and of the Trustee Board?

Yes. Just as there have always has been provisions for limiting borrowing and the expenditure of employees and the Trustees, there are similar provisions in the Rules.

Rule 27.3 provides that:

- the Trustee Board will annually set expenditure limits regarding amounts expended by employees,
- expenditure in excess of 1% of the Synagogue's income in the last financial year, requires the prior approval of the Trustee Board,
- expenditure on a single transaction exceeding 10% of the Synagogue's income in the last financial year, requires prior approval of the Trustee Board and ratification at a General Meeting of Congregants.

Rule 27.4.2 provides that

- where the Trustee wish to charge or mortgage the property or to borrow an amount which exceeds 10% of the Synagogue's income in the last financial year, the consent of the Congregants is required in a resolution passed by a simple majority vote at a General or Special Meeting of Congregants.

XIII. How are the Articles of Association or the Rules amended?

The Articles of Association are the legal document that sets out how the charity is managed and carries out its charitable objectives.

- Therefore in order to make any amendments to the Articles (Article 31) will require a special resolution to be passed by a two thirds majority vote at a General Meeting of the Congregants.

The Rules are legal document and are a recommended component of a incorporated charity. They serve as an agreement between the Charitable Company and the Congregants to conduct itself in a certain way.

- Any changes to the Rules can therefore be made by the passing of a resolution at a General Meeting of the Congregants. Such resolution is subject to the proceedings at any General Meeting of Congregants (Rule 15) and will be carried by a simple majority of Congregants present and voting at the meeting.

XIV. Who will be on the new Trustee Board on the date of incorporation?

Executive resolved that the current Executive Committee who are the existing Trustees, will be the first Trustees of the newly incorporated charitable company. The Transitional Provisions appended to the Articles set out the composition of the first Trustee Board – ie, the governance of Alyth will continue uninterrupted at the stage.

Whilst the list of questions is long, it is by no means exhaustive. Throughout the process, questions have been raised, discussed and wherever possible, included in the enormous amount of thought and consideration that has gone into preparing these governance documents for review by the community.

This is the first step towards creating a new governance structure for Alyth. For it to be the success that it can be, it will also require time – for the new model and way of working to be embedded and become part of the DNA of Alyth. It will require patience and commitment from those implementing the new structure, and from all of us who are finding our way into and around it.

We can, just as we pray, learn and live together; govern together.

To receive a copy of the DRAFT ARTICLES OF ASSOCIATION AND RULES:

- Electronically**, please send an email to: governance@alyth.org.uk (click on the email link) to request a copy.
- In hard copy** either by sending an email or calling Saskia and she will put copies in the post to you.
email: saskia@alyth.org.uk or call: 020 8457 8784.
- From the Synagogue Office.** If you are in the building during the week or on Sundays, collect a copy from the Office.

Should you wish to see any of the previous documentation that has been circulated in relation to the Governance Review, the documents can be found on the website by clicking on the links in the AGM tab.