



Advice For the
Voluntary Sector CIC
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Charity Governance Code

Daryl Martin

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Charity Governance Code

The original can be found by Googling the title. It runs to 24 pages. It's quite wordy with a fair amount of repetition where different sections overlap and restate what's been said elsewhere. I've reduced it by about 80% to just over 1500 words without losing anything of substance. I don't think there's anything in it that's new; I've added a couple of sentences for completeness.

Who is this code for? It's written for trustees in England and Wales, but much of it is relevant to charities and non-profits across the UK. It's a useful summary to tell a trustee what the regulators expect.

Who prepared it? A steering group drawn from across the sector, chaired by Rosie Chapman and observed by the Charity Commission. Paid for by 2 charities.

How does it Work? There are 7 principles forming this code which is seen as a tool to support continuous improvement

The Charity Governance Code summarised

1 Purpose: The board should be clear about the charity's aims and ensure these are being effectively delivered.

1.1 The board should periodically review the organisation's charitable purposes to make sure it stays relevant and valid. It should lead the development of strategy and plans and be clear about desired results.

1.2 All trustees should be able to explain the public benefit.

1.3 The board should evaluate impact, outputs and outcomes regularly, taking account of the external environment and the medium to long term.

1.4 Sustainability of income sources should be under regular review to understand the likely impact of any changes.

1.5 Trustees should be aware of opportunities for partnerships, merger, or even dissolution if appropriate.

2. Leadership: Strategic and effective leadership in line with the charity's aims and values.

2.1 Collective responsibility for ensuring a clear, relevant and appropriate set of aims and strategy for delivery. Collective responsibility for all decisions made by the board.

2.2 The board leads by example and ensures that vision, values, and reputation are understood and guarded by everyone involved whether volunteer or paid. All activities to be underpinned by the values and culture.

2.3 The chair provides leadership to the board and ensures that it has agreed priorities, structures, processes and culture, and has trustees that are able to govern well.

2.4 The board to ensure that there are proper arrangements for appointment, supervision, support, appraisal, remuneration and dismissal of paid staff.

2.5 Likewise, appropriate arrangements for recruitment support and supervision of volunteers.

2.6 Board functions to be formally recorded with appropriate role descriptions, outlining how roles relate to staff and volunteers.

2.7 If a trading company exists, detailed rationale, benefits, and risk assessment must be in place, with ongoing and appropriate interface.

2.8 The board leads by example, ensuring that its values underpin all the decisions and activities carried out at every level.

2.9 The board recognises and welcomes diverse opinions and understands the need for robust discussion before decisions are made and absolute unity after.

2.10 The board welcomes feedback from staff and volunteers.

2.11 The trustees recognise the importance of giving sufficient time to the charity to enable them to be effective in their roles. This includes adequate preparation for meetings.

2.12 Where individual trustees act in any operational capacity, there should be clarity on their role and accountabilities and who they report to.

3. Integrity: The board adopts a culture and values appropriate to the charity's aims, being aware of the importance of public trust.

3.1 The trustees understand that they must act in the best interests of the charity and its beneficiaries at all times (unless insolvency looms when different rules apply). They are not unduly influenced by those with special interests or their own personal interest.

3.2 The board understands the importance of promoting and safeguarding the charity's reputation and the need to maintain public confidence.

3.3 The board must be seen to be acting with integrity at all times, and they have a code of conduct in place to set out expected standards.

3.4 The board should ensure that the charity follows legal requirements and other relevant codes and standards.

3.5 The board should have a robust conflict of interest policy in place, and understands how real or perceived conflicts of interest can affect the charity's reputation and performance.

3.6 The board must maintain a register of interests, hospitality and gifts covering trustees and senior staff.

4. Decision-making, risk and control: These processes to be informed, rigorous and timely, with effective and appropriate delegation.

4.1 The board should understand that its focus is on strategic, rather than operational matters, and this is reflected in its delegation.

4.2 The board should understand the principles of delegating authority but not ultimate responsibility, and will implement suitable and effective financial and related controls and reporting arrangements.

4.2 The board retains overall responsibility for risk and ensures that a detailed risk assessment is in place and regularly reviewed.

4.3 The board should have an appropriate and effective decision-making and monitoring framework in place. This is embodied in clear instructions and communication to staff and volunteers.

4.4 The board should promote a culture of sound management and understands the need to balance risk.

4.5 Any committees have suitable terms of reference and membership which are regularly reviewed.

4.6 The board understands that where third party suppliers or services are used, the work is effectively controlled, and appropriate standards and values are achieved, with regular reviews in place.

4.7 The board regularly checks the key policies and procedures in all areas to ensure that a high standard of operation and delivery is maintained; key areas will be strategy, finance, fundraising and data protection. The board agrees key performance indicators to ensure high quality delivery across the board.

4.8 The board understands the need to share timely, relevant and accurate information in an understandable format, to enable it to measure performance, with benchmarking where appropriate.

5. Board effectiveness: a high functioning team with a good balance of skills, experience and knowledge.

5.1 The board sets the tone throughout the organisation by modelling the right culture, leadership and overall performance. It will have a rigorous approach to trustee recruitment, performance and development. Trustees will be comfortable bringing fresh ideas and challenging the status quo.

5.2 Trustees should have an appropriate range of skills and ability as well as good character and temperament. They will have the time needed to perform their role. They understand the importance of board unity once a decision has been made.

5.3 The board should meet as often as required to be effective.

5.4 The chair should ensure that the board has sufficient information time and space to discuss issues and make well considered decisions.

5.5 The board should make time to be able to develop good working relationships and build trust.

5.6 The board's makeup and numbers should be reviewed regularly to ensure adequate continuity, and ensure the board does not become stale. Good practise is seen as having between 5 and 12 trustees. If a trustee has served for 9 or more years their reappointment will be subject to a rigorous review.

5.7 The board should seek independent professional advice where appropriate, especially where major decisions are being taken. Appropriate induction, ongoing training and briefing will be provided.

6. Diversity: which supports its effectiveness.

6.1 The board recognises that it's more effective when trustees have different backgrounds and experience, and think in different ways, and follows principles of equality and diversity.

6.2 The board makes positive efforts to participate in training and reflection on diversity and to understand its responsibilities to set the tone in this area.

6.3 The board works to remove, reduce or prevent obstacles to people being trustees, including an appropriate policy for paying expenses, time location and frequency of meetings, and use of technology.

6.4 The board should ensure that there are published plans in place to monitor and achieve the diversity objectives.

7. Openness and accountability: High level of appropriate transparency, and accountability.

7.1 The board should commit to ensuring that the charity's operations are guided by the values, ethics and culture which it has put in place at every level.

7.2 The board should identify the key stakeholders and provide regular and effective communication about the work of the charity to enable them to measure the charity's effectiveness.

7.3 The board should ensure that stakeholders have opportunities to hold the board to account through, for example, question and answer sessions.

7.4 The board should have an effective complaints policy in place and is provided with appropriate feedback both positive and negative.

7.5 Member engagement: where the organisation has a membership, the board should ensure that clear policies are in place on who can be a member, that accurate membership records are in place, with good lines of communication from the board and the executive to the members. The board should ensure that members views are taken into account on key issues.

Daryl Martin

www.afvs.org.uk

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Advice For the Voluntary Sector CIC

Sovereign Centre, Poplars, Yapton Lane, Walberton, West Sussex BN18 0AS.

Tel: 0845 3198330 - Email: support@afvs.org.uk – Web: www.afvs.org.uk