

Dear Colleagues

I was delighted to be appointed chair of the Governance Code Steering Group in March this year. The steering group has been working hard to carry forward the development of the Code in the light of last year's nfpSynergy report starting with a review of the high level principles. Our intention when undertaking the review was to make the principles easier to understand and of universal application rather than to change the key underlying principles of the original Code.

The "refashioned principles" are very much a consultation draft and we hope that they will trigger a lively debate. We welcome responses to the consultation questions and views in written submissions from individuals or on behalf of organisations. If you have used the first edition of the Code it would be good to see which version of the principles you prefer and why.

If you would like to send any further comments, please contact Katie Hall at [Katie.hall@ncvo-vol.org.uk](mailto:Katie.hall@ncvo-vol.org.uk) or phone 020 7520 2511 or write to Katie Hall, Governance and Leadership team, NCVO, Regent's Wharf,8,All Saints Street. London N1 9RL.

We have also produced Q and As which give some background to the consultation and future developments of the Code.

I very much look forward to receiving a wide range of responses to the consultation.

Lindsay Driscoll  
Chair Governance Code Steering Group

## About You

To help us analyse the results of this consultation we would be grateful if you could provide some information about yourself, or the organisation you represent.

### 1. Please provide your name and your position

Name:

Position:

### 2. Are you commenting as an individual (for example, as a trustee) or representing an organisation? (If responding in a personal capacity, please go to page 3).

- Individual
- Organisation

### 3. What organisation are you representing? Please briefly describe what your organisation does.

### 4. What is the annual income of your organisation?

- Less than £1,000
- £1,000 to £10,000
- £10,000 to £100,000
- £100,000 to £500,000
- £500,000 to £1m
- £1m to £20m
- More than £20m

### 5. How many staff does the organisation employ?

- No staff
- 1 to 5 staff
- 6 to 20 staff
- 21 to 100 staff
- 101 to 500 staff
- More than 501 staff

### 6. How old is the organisation?

- Less than ten years
- 10 to 25 years
- 25 to 50 years
- 50 to 100 years
- Over 100 years

## About the original code of governance

This section is about your views on Good Governance: A code for the voluntary and community sector published in 2005.

1. Are you aware of the good governance code? (If not aware, please continue to page 4)

- Yes I am aware
- No I am not
- Not sure

2. How did you find out about the good governance code?

- Governance consultant
- Seminar
- Magazine
- Internet

Other (please specify)

3. How do you use the code?

4. What do you like or dislike about the original code?

## The Refashioned Principles

### Introduction

Good governance is acknowledged to be essential for the success of any organisation and is now more important than ever. Members of boards play a vital role in serving their causes and communities and bring passion and commitment as well as skills and experience to the organisations they lead. They provide long term vision and protect the reputation and values of their organisations. To make a difference a board needs to have proper procedures and policies in place but it also needs to work well as a team and have good relationships within the organisation. The purpose of these principles is to assist board members to enhance their decision making, increase their accountability and enable them to provide strong leadership. This will in turn assist the people and causes their organisations were set up to benefit.

The principles set out best practice but these are closely linked with the responsibilities of charity trustees and other legal requirements that may be imposed on board members.

The six high level principles are designed to be universal and applicable to all voluntary and community organisations. It is the practice and procedures which will vary according to the type and size of the organisation. Underlying each principle is the additional principle of equality-that of ensuring equality, diversity and equality of treatment for all sections of the community. We consider that this is fundamental and it is embedded in all the principles.

In the Code we have used the term "the board "to mean the organisation's governing body. In your organisation it may be called the board (or board of directors or board of governors) the trustees, the management committee or some other name. It is the body with overall responsibility for governing the organisation, overseeing and controlling its management.

"A good board will provide good leadership by:"

- i. Understanding their role.
- ii. Ensuring delivery of organisational purpose.
- iii. Being effective as individuals and a team.
- iv. Exercising control.
- v. Behaving with integrity.
- vi. Being open and accountable.

#### **i. Understanding their role**

Members of the board will understand their roles both as individuals and as a board in relation to:

Their legal duties:

- The provisions of the governing document;
- The external environment;
- The roles and responsibilities of staff, where relevant;

and in terms of:

- Overseeing the work of the organisation;
- Managing and supporting staff and volunteers, where applicable;
- Championing the organisation's vision and values.

## **ii. Ensuring delivery of organisational purpose**

The board will ensure that the organisation delivers its stated purposes or aims by:

- Ensuring organisational purposes remain relevant and valid;
- Developing and agreeing a long-term strategy;
- Agreeing operational plans and budgets;
- Monitoring progress and spending against plan and budget;
- Evaluating results; and
- Reviewing and/or amending the plan and budget as appropriate.

## **iii. Being effective both as individuals and as a team**

The board will have a range of appropriate policies, practices and behaviours to enable both individuals and the board to work effectively. These will include:

- Finding and recruiting new board members to meet the organisation's needs in relation to skills, experience and diversity;
- Providing suitable induction for new board members;
- Providing all board members with opportunities for training and development according to their needs; and
- Periodically reviewing their performance both as individuals and as a team.

## **iv. Exercising control**

As the accountable body, the board will ensure that:

- The organisation identifies and complies with all legal and regulatory requirements that apply to it ;
- The organisation continues to have appropriate and sufficient internal financial and management controls;

- The board regularly reviews and identifies the major risks to which the organisation is exposed and puts in place systems to manage those risks; and
- Delegation to sub-committees, staff and volunteers (as applicable) works effectively and the use of delegated authority is properly supervised.

#### **v. Behaving with integrity**

The board will:

- Act according to high ethical standards;
- Understand and manage conflicts of interest and loyalty;
- Maintain the independence of the organisation; and
- Safeguard and promote the organisation's reputation.

#### **vi. Being open and accountable**

The Board will lead the organisation in being open and accountable, both internally and externally. This will include:

- Open communications, informing people about the organisation and its work;
- Appropriate consultation on significant changes to the organisation's services or policies
- Listening and responding to the views of supporters, funders, beneficiaries/service users and others with an interest in the organisation's work;
- Handling complaints constructively and effectively; and
- Considering the organisation's responsibilities to the wider community, for example its environmental impact.

## About the Refreshed Principles

We welcome your views on the refashioned principles and their relevance both to your organisation and the sector generally.

**1. Are the refashioned principles written clearly and easily understood? If not, how could they be improved?**

- Yes, the revised principles are clear
- No, the revised principles are unclear

They could be improved by:

**2. Do you think that the refashioned principles capture the essence of good governance in the sector? Please explain your response.**

- Yes they do
- No they do not
- I'm unsure whether they do

Comments:

**3. Do you think that the refashioned principles could be universally applicable to the wider sector? If not, which types of organisations are not covered and why? If yes, how could they be adopted and adapted by the type(s) of organisation(s) you are involved with?**

**4. Do the refashioned principles provide a base for developing fuller supporting frameworks for different aspects of the sector?**

- Yes they do provide a base
- No they do not
- Not Sure

Comments:

5. How would you like to see the refashioned principles developed, drawing on your experience of other standards and quality models?

6. What resources would you like to see developed to support your organisation in adopting and applying them?

7. Would you use the refashioned principles? If so, in what situations and manner would you use them? If not, why?

- Yes I would use the refashioned principles
- I'm unsure whether I would use them
- No I would not use them

Comments:

## Comparing the original code and the refashioned principles

If you have experience of the original code, we would welcome your views on how the refashioned principles compare. (If you are unfamiliar with the original code please go to page 11)

1. In looking at the code of governance and the refashioned principles, do you think that the refashioned principles are an improvement? Please briefly explain your answer.

- Yes I think they are an improvement
- No I do not think the new principles are an improvement

Comments

2. Which version do you prefer and why?

- I prefer the previous version of the code
- I prefer the new version of the code

Comments:

3. In your experience, is anything missing from the refashioned principles? If yes, what else should be included?

## Further views and involvement

1. Should any revised version of the code be applicable to charities working in Scotland, and Northern Ireland as well as England and Wales? Please explain your response.

2. Would you like to be involved in the further development of the code and any other activities aimed at supporting it? If so, please provide contact details.

3. Are you aware of any organisation that would be able to make a financial contribution to the development of the code and supporting material? If so, please provide details.

Contact Name:

Company:

Email Address:

Phone Number:

4. Do you have any other comments you would like to make? Please use the following space to make any further comments on the refashioned principles or this consultation generally.

## **The Code - Q and A**

### **What is the Code?**

Good Governance - a code for the voluntary and community sector is a code of governance written specifically for voluntary and community organisations. It is a voluntary code which voluntary and community organisations are encouraged to sign up to.

### **Whose Code is it? Who wrote it?**

The Code was produced by the sector, for the sector. It was written in 2005 in partnership between NCVO, ACEVO, Charity Trustee Networks and ICSA, with contributions from a number of other organisations and individuals, and support and endorsement from the Charity Commission. After its publication it was successfully promoted and supported by the Governance Hub, a collaborative body that provided support for good governance in the voluntary and community sector in England.

### **Who is it for?**

It is intended to be for all voluntary and community organisations, including charities, in England. As part of its development, we hope to make it relevant to a wider range of organisations in the Third Sector; our aspiration is to make it the best generic code for the sector.

### **How many organisations are using it?**

NFP Synergy's review of the Code (Review and development of the Code of Good Governance - June 2008) identified that 71% of CEOs and trustees who responded to their survey were aware of the Code, and 42% had used it.

### **What has happened to the Code since the closure of the Governance Hub?**

Representatives from the organisations that originally wrote the Code have continued to work together as a Steering Group to plan for its future development. Lindsay Driscoll was recently appointed as the Steering Group's independent Chair. Our planning has been informed by the NFP Synergy review. We are acutely aware that funding will be needed before any significant development and marketing can take place.

### **Why has the Code been refashioned?**

The Code published in 2005 was a 'first edition'. It was always our intention to review its effectiveness after about 18 months.

The NFP Synergy review provided some important feedback about the strengths and weaknesses of the first edition. In particular, that the language and style of the Code need to be more accessible to a wider range of organisations, and that there needs to be clearer separation between principles and examples of how to put those principles into practice.

### **How will you be consulting on the reworded Code?**

We will be launching an open online consultation this summer - details will be available on Steering Group members' websites. We are also consulting governance 'experts' and organisations within the sector that use the Code. The results of these consultations will inform the rewording of the Code.

### **Is the original version now invalid? How does this affect my own charity?**

Our intention is to make the Code easier to use and understand. We don't believe that we are fundamentally changing the key principles on which it is based. Any organisations that have adopted the Code and are used to the 'first edition' are welcome to continue using it, but we will no longer be providing or developing supporting documentation (e.g. toolkits) based on it. We will continue to recognise adopters of the 'first edition' for the foreseeable future, and adoption of the Code is a purely voluntary process.

### **Will we have to draw up a new toolkit?**

The Code Steering Group intends to produce a new toolkit and supporting guidance when resources permit.

### **What about formal accreditation?**

This is something that the Steering Group will need to consider further. We are committed to the Code remaining voluntary. The general consensus at present is that, whilst accreditation might in future be appropriate for some larger organisations, it would not be appropriate for the majority of smaller organisations. Developing and implementing a credible accreditation process would also involve a degree of investment and resourcing that is simply not available to us at

**Thank you for your time and co-operation in responding to this consultation.**