

Good Governance

A Code for the
Voluntary and
Community Sector
Summary

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Introduction

Good governance is essential for the success of any organisation and is now more important than ever. Board members play a vital role in serving their causes and communities. They bring passion and commitment as well as skills and experience to the organisations they lead.

Boards set the 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 provide strong leadership, enhance their decision making and demonstrate their accountability.

This will in turn assist the people and causes their organisations were set up to benefit.

The principles set out good 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 believe that this is fundamental and an essential element of all six principles.

Lindsay Driscoll
Independent Chair, Governance
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Using the Code

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.

The principles of good governance have been designed to be valid for the entire voluntary and community sector.

All board members will need to have access to more detailed guidance on their legal duties. Charity trustees will also need to refer to Charity Commission guidance on charity law and regulation.

Other generic principles applicable to virtually all organisations, are recognised as expected good practice and are complementary to these principles.

This Code recognises that all organisations should (and frequently must) follow principles and practices that fully recognise diversity in all its forms including age, gender, faith, race, sexual orientation, disability, experience and thinking.

Such principles do not feature separately; they are an integral part of good practice throughout any community or voluntary sector organisation.

The Principles – a summary

An effective board will provide good governance and leadership by:

1. Understanding their role;
2. Ensuring delivery of organisational purpose;
3. Working effectively both as individuals and as a team;
4. Exercising effective control;
5. Behaving with integrity; and
6. Being open and accountable.

Principle 1

An effective board will provide good governance and leadership by understanding their role.

Members of the board will understand their role and responsibilities collectively and individually in relation to:

- their legal duties
- their stewardship of assets
- the provisions of the governing document

- the external environment
- the total structure of the organisation

and in terms of

- setting and safeguarding the vision, values and reputation of the organisation
- overseeing the work of the organisation
- managing and supporting staff and volunteers where applicable.

Principle 2

An effective board will provide good governance and leadership by 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, assessing outcomes and impact
- reviewing and/or amending the plan and budget as appropriate.

Principle 3

An effective board will provide good governance and leadership by working effectively both as individuals and as a team.

The board will have a range of appropriate policies and procedures, knowledge, attitudes 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 changing 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
- periodically reviewing their performance both as individuals and as a team.

Principle 4

An effective board will provide good governance and leadership by exercising effective control.

As the accountable body, the board will ensure that:

- the organisation understands and complies with all legal and regulatory requirements that apply to it
- the organisation continues to have good internal financial and management controls
- it regularly identifies and reviews the major risks to which the organisation is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers (as applicable) works effectively and the use of delegated authority is properly supervised.

Principle 5

An effective board will provide good governance and leadership by behaving with integrity.

The board will:

- safeguard and promote the organisation's reputation
- act according to high ethical standards
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver impact that best meets the needs of beneficiaries.

Principle 6

An effective board will provide good governance and leadership by 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, impartially and effectively
- considering the organisation's responsibilities to the wider community, e.g. its environmental impact.

About the Code

The Code Steering Group provides stewardship for the Code. It is made up of representatives of the original founders, the Association of Chief Executive Officers of Voluntary Organisations (ACEVO), Charity Trustee Networks (CTN), Institute of Chartered Secretaries and Administrators (ICSA) and the National Council for Voluntary Organisations (NCVO) with support from the Charity Commission and an independent Chair.

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