THE PRINCIPLES OF THE CHARITY GOVERNANCE CODE

Factsheet 2

In recent years, and according to the Charity Commission, public trust and confidence in charities has slumped to an all-time low. Adopting good governance practices which enable charities to comply with the law is central to regaining the public's trust. To help charities develop high standards of governance, a Charity Governance Code has been developed. VIN will talk you through the Governance Code as part of our Executive Membership and will also facilitate sessions with your trustee board as a costed service.

Simply contact info@voluntaryimpact.org.uk in the first instance.

The Code

The code is comprised of seven distinct sections. While not a legal or regulatory requirement, the code outlines beneficial principles and recommended practices for good governance.

The Responsibilities of a Trustee

The revised Charity Governance Code clearly outlines the roles of an organisation's trustees and their importance, which include the following:

Trustees are committed to their organisation's cause and have joined its board because they want the charity to succeed in its goals.

Trustees recognise that the organisation's work is an ongoing process that requires diligent attention and effort.

Trustees understand their roles within the organisation and their legal responsibilities to it. This includes having read the Charity Commission's guidance, The Essential Trustee and their organisation's governing document.

Trustees are committed to good governance and contributing to their organisation's continued improvement.

The 7 Principles of the Charity Governance Code

The code is organised according to seven distinct principles, with each principle containing key outcomes as well as recommended practices that differ according to whether a charity is large or small. The seven principles of the revised Charity Governance Code are:

Organisational Purpose

The organisation's board clearly outlines the charity's goals and works to ensure that those aims are successfully realised. The key outcomes of this section are as follows:

- The board has a shared understanding of and commitment to the charity's purposes and can articulate those clearly.
- The board can demonstrate that the charity is effective in achieving its charitable purposes and agreed outcomes.

Leadership

The organisation has an effective board that provides strategic leadership to ensure that the charity can achieve its goals. The key outcomes of this section are as follows:

- The board and its trustees accept the collective responsibility to ensure that the organisation has a clear, relevant set of goals. Each goal has a detailed strategy on how to achieve it.
- The board agrees to the organisation's vision, values, and reputation. In addition, anyone that represents the charity must positively reflect the organisation's values.
- The board ensures that the organisation's values are reflected in all its efforts. The ethos and culture of the charity must be the basis of all its activities.

Integrity

The organisation's board acts with integrity by adopting values to create a culture that helps achieve the charity's goals. As the board is accountable for the organisation's actions and decisions, it understands the importance of maintaining the public's confidence and trust. The key outcomes of this section are as follows:

- The board always acts in the best interests of the organisation and its beneficiaries. In addition, the board will not be unduly influenced by special interest groups that place personal interests above those of the charity. The board (collectively) is independent in its decision-making.
- The board safeguards and promotes the organisation's reputation and promotes public confidence.
- Members of the board as well as those representing or employed by the charity act with integrity.

Decision-making, risk, and control

The organisation's board ensures that its decision-making methods are informed, rigorous and timely. This process must be based upon effective delegation, risk management and control while being routinely monitored. The key outcomes of this section are as follows:

- The board understands that its central focus is on strategy, performance and assurance, rather than on operational matters.
- The board has established an effective decision-making and monitoring framework to help the organisation achieve its charitable goals. In addition, the board is aware of the financial and non-financial risks to the organisation and has practices in place to monitor and manage them.
- The board promotes a balanced culture of managing resources while understanding that being overcautious can curb innovation.
- The board is still responsible for the aspects of its responsibilities that it delegates to committees, staff, volunteers, or contractors. This includes any incidents that arise due to oversight.

Diversity

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The organisation's board supports an approach to diversity that encourages effectiveness, leadership, and decision-making. The key outcomes of this section are as follows:

- The board adheres to the belief that it is more effective if it includes a variety of perspectives, experiences, and skills.
- The board ensures that the organisation adheres to the principles of equality and diversity and goes beyond the legal minimum when appropriate.

Openness and accountability

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The organisation's board leads the charity by being transparent and accountable in its actions. The key outcomes of this section are as follows:

- The organisation's stakeholders agree on its actions and the impact that they have.
- The board ensures that the organisation's performance and interaction with stakeholders are guided by the values, ethics and culture established by the board. In addition, trustees ensure that the organisation collaborates with stakeholders to promote ethical conduct.
- The organisation takes its responsibility for building public trust and confidence seriously.
- The organisation's beneficiaries and stakeholders view the charity as having legitimacy in representing their interests.

Voluntary Impact Northamptonshire can provide limited advice on Governance as part of its core funding. However, more detailed support can be provided through our Executive Membership or our paid for Consultancy Service. Simply contact info@voluntaryimpact.org.uk in the first instance.

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http://www.voluntaryimpact.org.uk/membership

Voluntary Impact Northamptonshire also provides a range of bespoke services at a cost: For more information visit our website -
http://www.voluntaryimpact.org.uk/community/consultancy-packages/

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