



**governance**hub

Good Governance:  
Code for the  
Voluntary and  
Community Sector  
Summary

## Introducing the code

This leaflet is the summary of Good Governance: a Code for Voluntary and Community Organisations. It is intended to help and support Board members in the important and rewarding work that they carry out.

The Code was produced by a group of voluntary sector support organisations: Charity Trustee Networks, the Association of Chief Executives of Voluntary Organisations, the Institute of Chartered Secretaries and Administrators and the National Council for Voluntary Organisations, along with the Charity Commission. It is being promoted and implemented by the Governance Hub. The Hub is a partnership of voluntary and community sector associations, working to improve the quality of governance of voluntary and community organisations in England.

The Code sets out best practice. It is not mandatory but organisations that comply with the Code are invited to state this in their Annual Report and other relevant published material, and pledge their support for the Code by signing up to the Hub's online charter. Smaller organisations with limited resources and with few or no staff are invited to focus on the principles set out in the Code, and to state their compliance with the principles rather than the detail of the Code.

This booklet sets out the seven main principles that underpin the Code, together with the most important supporting principles.

Underlying each of these is the additional principle of equality – that of ensuring equity, diversity and equality of treatment for all sections of the community. We see this as fundamental to the work of all voluntary and community sector organisations; rather than creating a separate ‘Equality’ section, the principle has been applied throughout the Code.

## Trustee Standards

The National Occupational Standards for Trustees and Management Committee Members were launched in 2006. Developed as a standard for individual trustees and approved by the Qualifications and Curriculum Authority, the Trustee Standards explain the skills and knowledge that trustees need to develop their work.

The Code has a much broader role: to set out the principles and practices of good governance in an organisation as a whole. The Code and Standards may be used for different things; the Standards are useful for individual trustee development and the

Code is useful for putting in place a governance review for your organisation. To find out more about the NOS, or download the text, go to [www.ukworkforcehub.org.uk](http://www.ukworkforcehub.org.uk).

## The future

Both the Code and the Trustee Standards are being promoted and developed by the Governance Hub. Toolkits have been produced to help organisations use the resources to assess, learn about and develop their governance; these cost £15 each from the Hub, or can be downloaded free from the website.

Trainers are using the toolkits in 40 workshops taking place across the country to introduce the Code and Standards to trustees, staff and external advisers.

Nine regional Code Champions have been recruited to promote the principles of good governance.

A range of organisations are piloting the Code and their learning and experiences will inform a review of the Code in early 2007. Organisations using the Code or Standards are encouraged to share their story with the Hub by submitting a case study online.

If you would like to find out more, please contact

### **The Governance Hub:**

Email [governance.hub@ncvo-vol.org.uk](mailto:governance.hub@ncvo-vol.org.uk)

Website [www.governancehub.org.uk](http://www.governancehub.org.uk)

Helpdesk 0800 652 4886

Copies of the full Code can be ordered from the Hub or downloaded from the website.

# Principle 1: Board leadership

Every organisation should be led and controlled by an effective Board of trustees which collectively ensures delivery of its objects, sets its strategic direction and upholds its values. The supporting principles are:

**The role of the Board:** Trustees have and must accept ultimate responsibility for directing the affairs of their organisation, ensuring it is solvent, well-run, and delivering the outcomes for which it has been set up.

**Strategic direction:** Trustees should focus on the strategic direction of their organisation, and avoid becoming involved in day to day operational decisions and matters (except in the case of small organisations with few or no staff). Where trustees do need to become involved in operational matters, they should separate their strategic and operational roles.

## Principle 2: The Board in control

The trustees as a Board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations. The supporting principles are:

**Compliance:** The Board must ensure that the organisation complies with its own governing document, relevant laws, and the requirements of any regulatory bodies.

**Internal controls:** The Board should maintain and regularly review the organisation's system of internal controls, performance reporting, policies and procedures.

**Prudence:** The Board must act prudently to protect the assets and property of the organisation, and ensure that they are used to deliver the organisation's objectives.

**Managing risk:** The Board must regularly review the risks to which the organisation is subject, and take action to mitigate risks identified.

**Equality and diversity:** The Board should ensure that it upholds and applies the principles of equality and diversity, and that the organisation is fair and open to all sections of the community in all of its activities.

## Principle 3: The high performance Board

The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively. The supporting principles are:

**Trustee duties and responsibilities:** Trustees should understand their duties and responsibilities and should have a statement defining them.

**The effective Board:** The Board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of trustees.

**Information and advice:** Trustees should ensure that they receive the advice and information they need in order to make good decisions.

**Skills and experience:** The trustees should have the diverse range of skills, experience and knowledge needed to run the organisation effectively.

**Development and support:** Trustees should ensure that they receive the necessary induction, training and ongoing support needed to discharge their duties.

**The chief executive:** The Board should make proper arrangements for the supervision, support, appraisal and remuneration of its chief executive.

## Principle 4: Board review and renewal

The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well. The supporting principles are:

**Performance appraisal:** The Board should regularly review and assess its own performance, that of individual trustees, and of sub-committees, standing groups and other bodies.

**Renewal and recruitment:** The Board should have a strategy for its own renewal. Recruitment of new trustees should be open, and focused on creating a diverse and effective Board.

**Review:** The Board should periodically carry out strategic reviews of all aspects of the organisation's work, and use the results to inform positive change and innovation.

## Principle 5: Board delegation

The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance. The supporting principles are:

**Clarity of roles:** The Board should define the roles and responsibilities of the chair and other honorary officers, in writing.

**Effective delegation:** The Board should ensure that staff, volunteers and agents have sufficient delegated authority to discharge their duties. All delegated authorities must have clear limits relating to budgetary and other matters.

**Terms of reference:** The Board should set clear terms of reference for subcommittees, standing groups, advisory panels, etc.

**Monitoring:** All delegated authorities must be subject to regular monitoring by the Board.

## Principle 6: Board and trustee integrity

The Board and individual trustees should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with. The supporting principles are:

**No personal benefit:** Trustees must not benefit from their position beyond what is allowed by the law and is in the interests of the organisation.

**Dealing with conflicts of interest:** Trustees should identify and promptly declare any actual or potential conflicts of interest affecting them.

**Probity:** There should be clear guidelines for receipt of gifts or hospitality by trustees.

## Principle 7: Board openness

The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work. The supporting principles are:

### **Communication and consultation:**

Each organisation should identify those with a legitimate interest in its work (stakeholders), and ensure that there is a strategy for regular and effective communication with them about the organisation's achievements and work.

**Openness and accountability:** The Board should be open and accountable to stakeholders about its own work, and the governance of the organisation.

**Stakeholder involvement:** The Board should encourage and enable the engagement of key stakeholders, such as users and beneficiaries, in the organisation's planning and decision-making.

For more information or to see the full Code, go to [www.governancehub.org.uk](http://www.governancehub.org.uk) on behalf of The National Hub of Expertise in Governance, a Home Office ChangeUp Initiative.



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The Governance Hub is a programme to improve the quality of the governance of voluntary and community organisations in England. It is an independent partnership of seven organisations who provide support to the voluntary and community sector – acevo, BTEG, Charity Trustee Networks, Volunteering England, NCVO, bassac and NACVS. The Hub is part of the Home Office ChangeUp strategy to strengthen the voluntary and community sector and is receiving funding from the Active Communities Unit for two years.

The Governance Hub aims to:

- Promote trusteeship and get people from more diverse backgrounds involved
- Provide resources and services for trustees, boards and advisors who work with them
- Develop local support to increase knowledge and skills relating to governance and boards
- Work through partnerships at every level

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