**Trustees Code of Governance Small Organisations**

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You can use this chart to review how your organisation meets the principles of good governance by ticking the appropriate box.

**Critical** - need to act on this as a high priority because you have designated this as a significant area of weakness.

**Need To Do Soon** or **Desirable** may suggest either a lower priority or a less relevant criterion. Use the Notes column to write a comment or suggested action.

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| **1 Organisational Purpose** | Critical | Need to do soon | Desirable | Doing Well | Notes | |
| * 1. **Determining organisational purpose** |  |  |  |  | |  |
| The board periodically reviews the organisation’s charitable purposes, and the external environment in which it works, to make sure that the charity, and its purposes, stay relevant and valid. |  |  |  |  |  | |
| The board leads the development of, and agrees, a strategy that aims to achieve the organisation’s charitable purposes and is clear about the desired outputs, outcomes and impacts. |  |  |  |  |  | |
| * 1. **Achieving the purpose** |  |  |  |  | |  |
| All trustees can explain the charity’s public benefit. |  |  |  |  |  | |
| The board evaluates the charity’s impact, outputs and outcomes on an ongoing basis. |  |  |  |  |  | |
| * 1. **Analysing the external environment and planning for sustainability** |  |  |  |  | |  |
| The board regularly reviews the sustainability of its income sources and their impact on achieving charitable purposes in the short, medium and longer term. |  |  |  |  |  | |
| Trustees consider the benefits and risks of partnership working, merger or dissolution if other organisations are fulfilling similar charitable purposes more effectively and/or if the charity’s viability is uncertain. |  |  |  |  |  | |
| The board recognises its broader responsibilities towards communities, stakeholders, wider society and the environment, and acts on them in a manner consistent with the charity’s purposes, values and available resources. |  |  |  |  |  | |

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| **2. Leadership** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Leading the charity** |  |  |  |  |  |
| The board and individual trustees take collective responsibility for its decisions. |  |  |  |  |  |
| The chair provides leadership to the board with prime responsibility for ensuring it has agreed priorities, appropriate structures, processes and a productive culture and has trustees who are able to govern well and add value to the charity. |  |  |  |  |  |
| If the charity has staff, the board makes sure that there are proper arrangements for their appointment, supervision, support, appraisal, remuneration and, if necessary, dismissal. |  |  |  |  |  |
| If the charity has volunteers, the board makes sure there are proper arrangements for their recruitment, support and supervision. |  |  |  |  |  |
| The board’s functions are formally recorded. There are role descriptions that define trustees’ responsibilities for all trustees that differentiate clearly those of the chair and other officer positions and outline how these roles relate to staff or volunteers where they exist. |  |  |  |  |  |
| Where the board has agreed to establish a formally constituted subsidiary organisation/s, it is clear about the rationale, benefits and risks of these arrangements. The formal relationship between the parent charity and each of its subsidiaries is clearly recorded and the parent reviews, at appropriate intervals, whether these arrangements continue to best serve the organisation’s charitable purposes. |  |  |  |  |  |
|  | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Leading by example** |  |  |  |  |  |
| The board agrees the values, consistent with the charity’s purpose, that it wishes to promote and makes sure that these values underpin all its decisions and the charity’s activities (see also Principle 1). |  |  |  |  |  |
| The board recognises, respects and welcomes diverse, different and, at times, conflicting trustee views. |  |  |  |  |  |
| The board provides oversight and direction to the charity and provides support and constructive challenge to the organisation, and where they exist, staff and volunteers. |  |  |  |  |  |
| The board supports any staff and volunteers to feel confident and able to provide the information, advice and feedback necessary to the board. |  |  |  |  |  |
| * 1. **Commitment** |  |  |  |  |  |
| All trustees give sufficient time to the charity to carry out their responsibilities effectively. This includes preparing for meetings and sitting on board committees and other governance bodies where needed. The expected time commitment is made clear to trustees before nomination or appointment and again on acceptance of nomination or appointment. |  |  |  |  |  |
| Where individual board members are also involved in operational activities, for example as volunteers, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report. |  |  |  |  |  |

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| **3. Integrity** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Maintaining the charity’s reputation** |  |  |  |  |  |
| Trustees adopt and adhere to a suitable code of conduct that sets out expected standards. |  |  |  |  |  |
| The board considers how the charity is perceived by other people, and organisations involved with the charity and the public. It makes sure that the charity operates responsibly and ethically, in line with its own aims and values. |  |  |  |  |  |
| The board ensures that the charity follows the law. It also considers adherence to non-binding rules, codes and standards, for example relevant regulatory guidance, the ‘Nolan Principles’ and other initiatives that promote confidence in charities. |  |  |  |  |  |
| * 1. **Identifying, dealing with and recording conflicts of interest/loyalty** |  |  |  |  |  |
| The board understands how real and perceived conflicts of interests and conflicts of loyalty can affect a charity’s performance and reputation. |  |  |  |  |  |
| Trustees disclose any actual or potential conflicts to the board and deal with these in line with the charity’s governing document, and a regularly reviewed conflicts of interest policy. |  |  |  |  |  |
| Registers of interests, hospitality and gifts are kept and made available to stakeholders in line with the charity’s agreed policy on disclosure. |  |  |  |  |  |
| Trustees keep their independence and tell the board if they feel influenced by any interest or may be perceived as being influenced or to having a conflict. |  |  |  |  |  |

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| **4. Decision making, Risk and Control** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Delegation and control** |  |  |  |  |  |
| The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to committees or individual trustees, or staff and volunteers if the charity has them. |  |  |  |  |  |
| The board describes its ‘delegations’ framework in a document which provides sufficient detail and clear boundaries that the delegations can be clearly understood and carried out. |  |  |  |  |  |
| The board makes sure that its committees have suitable terms of reference and membership and that:   * the terms of reference are reviewed regularly * the committee membership is refreshed regularly and does not rely too much on particular people * Committee members recognise that the board has ultimate responsibility. |  |  |  |  |  |
| Where a charity uses third party suppliers or services – for example for fundraising, data management or other purposes – the board assures itself that this work is carried out in the interests of the charity and in line with its values and the agreement between the charity and supplier. The board makes sure that such agreements are regularly reviewed to make sure they are still appropriate. |  |  |  |  |  |
| The board regularly reviews the charity’s key policies and procedures to make sure that they still support, and are adequate for, the delivery of the charity’s aims. This includes policies and procedures dealing with board strategies, functions and responsibilities, finances (including reserves), service or quality standards; where needed; good employment practices, and encouraging and using volunteers; key areas of activity such as fundraising and data protection. |  |  |  |  |  |
| **4.2 Managing and monitoring organisational performance** |  |  |  |  |  |
| The board makes sure that operational plans and budgets are in line with the charity’s purposes, agreed strategic aims and resources. |  |  |  |  |  |
| The board regularly monitors performance using a consistent framework and checks performance against the charity’s strategic aims, operational plans and budgets. . |  |  |  |  |  |
| The board agrees what information is needed to assess delivery against agreed plans, outcomes and timescales. Trustees share timely, relevant and accurate information,provided in an easy to understand format. |  |  |  |  |  |
| The board regularly considers information from other similar organisations to compare or benchmark the organisation’s performance. |  |  |  |  |  |
| **4.3 Actively managing risks** |  |  |  |  |  |
| The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks. |  |  |  |  |  |
| The board regularly reviews the charity’s specific significant risks and the effects of these risks added together. It makes plans to mitigate and manage these risks appropriately. Trustees consider risk that relates to their situation and where they work, for example charities working with children or vulnerable adults will probably look at risks relating to safeguarding. |  |  |  |  |  |
| The board puts in place and regularly reviews the charity’s process for identifying, prioritising, escalating and managing risks and, where applicable, the charity’s system of internal controls to manage these risks. The board reviews the effectiveness of the charity’s approach to risk at least every year. The board describes the charity’s approach to risk in its annual report and in line with regulatory requirements. |  |  |  |  |  |
| * 1. **Appointing auditors and audits** |  |  |  |  |  |
| The board agrees and oversees an effective process for appointing and reviewing its external examiners or auditors if they are required. |  |  |  |  |  |

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| **5. Board Effectiveness** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Working as an effective team** |  |  |  |  |  |
| The board meets as often as it needs to be effective. |  |  |  |  |  |
| The chair, working with board members and where they exist staff, plans the board’s work and meetings, making sure trustees have the information, time and space they need to explore key issues and reach well-considered decisions. |  |  |  |  |  |
| The board regularly discusses its effectiveness and its ability to work together as a team, including individuals’ motivations and expectations about behaviours. Trustees take time to understand each others’ motivations to build trust within the board and the chair asks for feedback on how to create an environment where trustees can constructively challenge each other. |  |  |  |  |  |
| Where significant differences of opinion arise, trustees take time to consider the range of perspectives and outcomes, respecting all views and the value of compromise in board discussions. |  |  |  |  |  |
| The board collectively can get independent, professional in areas such as governance, the law and finance. This is either on a pro-bono basis or at the charity’s expense if needed for the board to discharge its duties. |  |  |  |  |  |
| * 1. **Reviewing the board’s composition** |  |  |  |  |  |
| The board has, and regularly considers, the skills, knowledge and experience it needs to govern, lead and deliver the charity’s purposes effectively. It reflects this mix in its trustee appointments, balancing the need for continuity with the need to refresh the board. |  |  |  |  |  |
| The board is big enough that the needs of the charity’s work can be carried out and changes to the board ’s composition can be managed without too much disruption. A board of at least five but no more than twelve trustees is typically considered good practice. |  |  |  |  |  |
| * 1. **Overseeing appointments** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| There is a formal, rigorous and transparent procedure to appoint new trustees to the board, which includes advertising vacancies widely. |  |  |  |  |  |
| The search for new trustees is carried out, and appointments or nominations for election are made, on merit, against objective criteria and considering the benefits of diversity. The board regularly looks at what skills it has and needs, and this affects how new trustees are found. |  |  |  |  |  |
| Trustees are appointed for an agreed length of time, subject to any applicable constitutional or statutory provisions relating to election and re-election. If a trustee has served for more than nine years, their reappointment is   * + 1. subject to a particularly rigorous review and takes into account the need for progressive refreshing of the board     2. explained in the trustees’ annual report. |  |  |  |  |  |
| If a charity’s governing document provides for one or more trustees to be nominated and elected by a wider membership, or elected by a wider membership after nomination or recommendation by the board, the charity supports the members to play an informed role in these processes. |  |  |  |  |  |
| * 1. **Developing the Board** |  |  |  |  |  |
| Trustees receive an appropriately resourced induction when they join the board that includes meetings with other members and staff (if the charity has staff) and covers all areas of the charity’s work. |  |  |  |  |  |
| The board reviews its own performance, including that of the chair. These reviews might consider the board’s balance of the skills, experience and knowledge, its diversity, how the board works together and other factors that affect its effectiveness. |  |  |  |  |  |
| The board can explain how they check their own performance. |  |  |  |  |  |

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| **6. Diversity** | Critical | Need to do soon | Desirable | Doing Well | Notes |
| * 1. **Encouraging inclusive and accessible participation** |  |  |  |  |  |
| The board periodically takes part in training and/or reflection about diversity and understands its responsibilities in this area. |  |  |  |  |  |
| The board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity’s available resources. This could include looking at:   * + 1. the time, location and frequency of meetings     2. how papers and information are presented to the board, for example using digital technology     3. offering communications in formats such as audio and Braille     4. paying reasonable expenses     5. where and how trustee vacancies are publicised and the recruitment process. |  |  |  |  |  |
| The chair regularly asks for feedback on how meetings can be made more accessible and how to create an environment where trustees can constructively challenge each other and all voices are equally heard. |  |  |  |  |  |
| * 1. **Recruiting diverse trustees** |  |  |  |  |  |
| The board regularly looks at the skills, experience and diversity of background of its members to find imbalances and gaps, informing trustee recruitment and training. |  |  |  |  |  |
| The board sees diversity, in all its forms, as an important part of its regular board reviews. The board recognises the value of a diverse board and has suitable diversity objectives. |  |  |  |  |  |
| When deciding how to recruit trustees, the board thinks about how to attract a diverse pool of candidates. It tries to have diversity in any trustee appointment panels. |  |  |  |  |  |
| * 1. **Monitoring and reporting on diversity** |  |  |  |  |  |
| Trustees ensure that there are plans in place to monitor and achieve the board’s diversity objectives. |  |  |  |  |  |
| The board publishes a description of what steps it has taken to address the diversity and accessibility of the board. |  |  |  |  |  |

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| **7. Openness and Accountability** | Critical | Need to do soon | Desirable | Doing Well | Notes | |
| * 1. **Communicating and consulting effectively with stakeholders** |  |  |  |  |  | |
| The board identifies the key stakeholders with an interest in the charity’s work. These might include users or beneficiaries, staff, volunteers, members, donors, suppliers, local communities and others. |  |  |  |  |  | |
| The board makes sure that there is a strategy for regular and effective communication with these stakeholders about the charity’s purposes, values, work and achievements, including information that enables them to measure the charity’s success in achieving its purposes. |  |  |  |  |  | |
| As part of this strategy, the board thinks about how to communicate how the charity is governed, who the trustees are and the decisions they make. |  |  |  |  |  | |
| The board ensures that stakeholders have an opportunity to hold the board to account through agreed processes and routes, for example question and answer sessions. |  |  |  |  |  | |
| The board makes sure it speaks to stakeholders about significant changes to the charity’s services or policies. |  |  |  |  |  | |
| * 1. **Developing a culture of openness within the charity** | Critical | Need to do soon | Desirable | Doing Well | Notes | |
| The board gets regular reports on the positive and negative feedback and complaints given to the charity. It demonstrates that it learns from mistakes and errors and uses this learning to improve performance and internal decision making. |  |  |  |  |  | |
| The board makes sure that there is a transparent, well-publicised, effective and timely process for making and handling a complaint and that any internal or external complaints are handled constructively, impartially and effectively. |  |  |  |  |  | |
| The board keeps a register of interests for trustees and agrees an approach for how these are communicated publicly in line with Principle 3. |  |  |  |  |  | |
| If a charity has staff, the trustees agree how to set the remuneration, and they publish their approach. |  |  |  |  |  | |
| * 1. **Member engagement** |  |  |  |  |  |
| In charities where trustees are appointed by an organisational membership wider than the trustees, the board makes sure that the charity:   * + 1. has clear policies on who can be a member of the charity     2. has clear, accurate and up-to-date membership records     3. tells members about the charity’s work     4. looks for, values and takes into account members’ views on key issues     5. is clear and open about the ways that members can participate in the charity’s governance, including, where applicable, serving on committees or being elected as trustees. |  |  |  |  |  | |