

Proposed Revised Code of Good Governance 2019

Background

The Code of Good Governance sets out the principles and practices of good governance for the boards of voluntary and community organisations. It was first launched in 2008 and revised in 2015 by the Developing Governance Group (DGG) and has been widely accepted as the set of standards for governance in the voluntary and community sector.

The pocket-sized booklet of the Code has been widely distributed to board members of all types of sector organisations. The DGG also devised the 'governance health check' and has mapped the practical resources on the 'diycommitteeguide' website in line with the principles of the Code. Both resources have been devised to provide practical information and a self-assessment framework for voluntary boards to assess their own governance practices.

Why is there a need for a change?

The purpose of the review was to ensure that the principles within the Code are still relevant and fit for purpose especially in the current legislative framework which voluntary and community organisations operate within. We recognise that organisations are having to operate in an environment where there is increased emphasis on governance, the charity sector especially has come under increased scrutiny.

The DGG had also made many changes to the accompanying Governance Health Check over the past few years and wanted to ensure that the principles and sub-principles were clearly related to the practical resources complimenting the Code.

The proposed changes mainly refocus the sub-principles or the headline principle itself, for example, Integrity is now a principle in its own right.

Consultation

The DGG would welcome your comments on the revised Code and ask you to complete a very quick online survey to gather responses so that we can be sure that this revised Code of best practice is relevant and appropriate for the needs of voluntary and community organisations.

Please click on [this link for the online survey](#). The closing date for responses is 29 November 2019.

The Revised Code at a Glance

The board should ensure good governance by:

1. understanding its function in delivering organisational purpose
2. working as an effective team
3. maintaining control, making effective decisions and managing risk
4. acting with integrity
5. being open, accountable and responsive

Principle 1: Understanding its function in delivering organisational purpose

The members of the board are equally responsible in law for governance. They are collectively responsible for ensuring that the organisation remains faithful to its objectives. The board will lead by:

- Setting and safeguarding the vision, values and reputation of the organisation
- Ensuring organisational purposes and rules set out in the governing document remain relevant and valid
- Fulfilling their legal duties
- Ensuring the stewardship of assets
- Implementing appropriate organisational structures
- Understanding the organisation's operating environment
- Developing and agreeing a long-term strategy
- Overseeing the work of the organisation in the interests of the beneficiaries.

Principle 2 – Working as an effective team

The board will ensure that it has an effective mix of knowledge, attitudes and behaviours to deliver organisational purpose. The board will lead by:

- Structuring meetings effectively including communication, frequency and recording
- Ensuring that all trustees, including office bearers, are fulfilling their respective roles
- 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.
- Finding, recruiting and retiring board members to meet the organisation's changing needs in relation to skills, experience and diversity
- Providing suitable induction for new board members
- Accessing external advice when necessary
- Maintaining a positive working relationship within the board and with volunteers and staff.

Principle 3 – Maintaining control, making effective decisions and managing risk

The board has ultimate responsibility for directing the activity of the organisation. It will regularly review internal controls, risks, performance, policies and procedures by:

- Developing and monitoring operational plans and budgets
- Evaluating results and assessing impact
- Ensuring proper arrangements/agreements are in place for partnership working and service delivery
- Understanding and complying with all legal, contractual and regulatory requirements that apply to it
- Implementing appropriate up to date internal financial and management controls
- Regularly identifying and reviewing the major risks to which the organisation is exposed including systems to manage those risks
- Ensuring that delegation to committees, staff and volunteers (as applicable) works effectively and the use of delegated authority is properly documented and supervised
- Making proper arrangements for the recruitment, remuneration, supervision, support and appraisal of all staff including the most senior member of staff
- Managing and supporting volunteers.

Principle 4 - Acting with Integrity

The board should act at all times with honesty and probity in the interests of the organisation and its beneficiaries/service users/members. The board ensures that the organisation's performance and interaction with its stakeholders are guided by the values, ethics and culture put in place by the board. The board should

- Act according to high ethical standards
- Identify, understand and manage conflicts of interest and loyalty
- Maintain independence of decision making
- Adopt a suitable code of conduct
- Encourage inclusive and accessible participation
- Have due regard to promoting equality, diversity and good relations.

Principle 5 – Being open, accountable and responsive

The board leads the organisation by being transparent, open, responsive and accountable. The board should:

- Ensure open communication by actively engaging with beneficiaries and stakeholders about the organisation and its work
- Deal with complaints constructively, impartially and efficiently
- Consider organisational responsibilities to the wider community, society and the environment
- Ensure proper arrangements for the management of members as set out in the governing document
- Demonstrate public benefit in line with its organisational purposes.