

# Good Governance

A Code for the  
Voluntary and  
Community Sector



Second edition:  
October 2010

**Produced by the Code Steering Group  
on behalf of:**

Association of Chief Executives of Voluntary  
Organisations  
Charity Trustee Networks  
Institute of Chartered Secretaries  
and Administrators  
National Council for Voluntary Organisations

With thanks to the Charity Commission

The Governance Code Steering Group  
would like to offer their thanks to all those that  
kindly contributed to the development of this  
second edition

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# Foreword

**Dame Suzi Leather**  
**Chair, Charity Commission**

Charities and other voluntary and community organisations play a vital role in our lives and they command enormous public trust and confidence. This is reflected in the generosity with which people in Britain give their time and money to charities they support.

Trustees and board members therefore carry an important responsibility to manage their organisations and deliver on their objectives in a way that enhances that public trust and support.

The central importance of good governance to all sectors of the economy is now clearer than ever. The crisis which beset our financial system has highlighted how dangerous a tick-box approach can be. Truly good governance has to be lived. Each and every trustee and board member needs to embrace its values, and apply them to the particular needs and circumstances of their organisation.

This is why I'm delighted to support the second edition of Good Governance: a Code for the Voluntary and Community sector, which focuses on the key principles that trustees and board members should follow and provides clear information about what those principles imply in practice.

Like the first edition, this code is drafted by the sector, for the sector. It therefore carries genuine authority and authenticity. This is reflected by the large number of charities and other voluntary organisations that welcomed and adopted the first edition. Given the size, range and diversity of the sector, that is a great achievement.

I am confident that this edition will reach an even wider audience, not least because it is more accessible to smaller, volunteer-run organisations and to less experienced boards. I commend the authors for their use of clear, jargon-free language and the intuitive way in which they summarise the key principles of good governance.



# Development of the Code of Governance

**Governance is high on the agenda in all sectors – public, private and voluntary. As voluntary and community organisations driven by altruistic values and working for public benefit, we are increasingly expected to demonstrate how well we are governed. Good governance is a vital part of how voluntary and community organisations operate and are held accountable.**

Other sectors have developed codes over the past decade, including those prepared by the National Housing Federation, Co-operatives UK and HEFCE. In the public sector, the Good Governance Standard for Public Services was introduced in 2004. And the private sector has its UK Corporate Governance Code, which builds on the work of the Cadbury, Greenbury and Higgs inquiries and continues to be developed in light of recent governance failures.

The original Good Governance: a Code for the Voluntary and Community sector (the Code) arose from directly expressed needs in the sector. These came from organisations which wanted guidance to clarify the main principles of governance and to help them in decision making, accountability and the work of their boards. In response to these demands, a group of voluntary sector infrastructure associations, with the Charity Commission, came together and decided to work towards developing the Code. Vitally, the Code was developed by and for voluntary and community organisations.

The first Code was published in 2005 as a living document, with a commitment to update it as a result of feedback from those organisations that engaged with it. The Governance Hub acted as guardian of the Code and developed a number of activities to raise awareness of, promote and support the principles of the Code and its implementation by the sector. A major contribution by the Governance Hub was the commissioning of research into the Code and recommendations for its ongoing development.

There has also been new governance thinking arising out of the economic downturn; proportionate governance and behavioural governance. This has led the original code founders to consult on, and publish, a second edition of the Code incorporating new thinking and comments from sector users. As before, feedback is welcomed as to how the Code is being used and how it could be improved.

# Using the Code

## TERMINOLOGY:

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.**

The good governance characteristics included in this document enable organisations to assess whether they are following sound practice. Given the diversity of the sector, the good governance characteristics may not be applicable to every organisation. They are for guidance and for use in a way that encourages appropriate flexibility – but we anticipate that the ‘apply or explain’ principle will be adopted. If one good governance characteristic appears not to be valid in a particular setting; then an alternative may be sought, but organisations should be prepared to give reasons for that decision.

Other generic principles, for example Nolan (see Principle 5), applicable to virtually all organisations, are recognised as expected good practice and are complementary to these principles.

Specific types of organisations may want to develop this Code and amend it to suit their structure and activities. We welcome this, but urge that modified codes are validated by peer review to ensure they reflect good practice for that type of organisation.

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.

This version of the Code includes references to employees and their roles in relation to governance. The principles have a universal application but we will develop a separate version in consultation with organisations that have no paid staff.


# Introduction

**Lindsay Driscoll**  
**Independent Chair,**  
**Governance Code Steering Group**

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. Under each principle we have highlighted the areas of law which we consider to be the most relevant.

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. To support the principles we have included good governance characteristics and set out why we consider the principles to be essential for good governance.

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.

# The Principles

## – a summary

### 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.

## 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 a team
4. exercising effective control
5. behaving with integrity
6. being open and accountable.

### 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.

# 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.

## Why?


Board members have a duty to act within the legal and regulatory frameworks that apply to them and the organisation. A full understanding of their role and responsibilities, the purpose and structure of the organisation itself and the external environment will help them to fulfil their legal duties and to lead and govern the organisation effectively.

The board should consider how it will set the culture of the organisation. They should lead by example, ensuring that individuals representing the organisation in any capacity do so in a way that positively reflects its values. The ethos and culture of the organisation should underpin the delivery of its activities or services and the achievement of its objects.

## Supporting material

**For charity trustees, this must include:**

- accepting ultimate responsibility for the way the organisation is directed and run in meeting its purposes
- being alert to those matters that cannot be delegated to individual board members or others
- acting at all times in the best interests of the organisation and its beneficiaries (see also Principle 5)
- ensuring the solvency and financial strength of the organisation



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- safeguarding the organisation's assets and using them only in furtherance of its purposes
- taking a considered, proportionate and balanced approach to risk management
- acting reasonably in their decision making and leadership of the organisation
- recognising and respecting that all board members are equally responsible in law for the board's decisions
- complying with all relevant legislation and regulation applicable to the organisation and the activities it undertakes and making appropriate public statements to confirm that this is the case (see also Principle 4)
- ensuring that all board members are properly appointed and are not disqualified from so acting (see also Principle 3).

**Other important things to consider include:**

1. ensuring that the organisation provides every board member with all relevant information, including:
  - appropriate induction and training
  - copies of key documents such as the governing document and financial information
  - a generic role description for board members and further descriptions for any specific roles or functions (e.g. chair, treasurer, secretary)
  - guidance produced by regulators and other organisations
  - handbook of other helpful information, including a code of conduct

2. understanding and ensuring independence of board decision making and action (regardless of how individual board members were appointed) and putting the needs of beneficiaries ahead of any other interests (see also Principle 5)
3. establishing and periodically reviewing statements setting out the vision, mission and values of the organisation. Ensuring that these statements are developed in consultation with the organisation's stakeholders, that they accurately reflect the objects in the organisation's governing document, and are effectively communicated and easily understood outside the organisation
4. ensuring that all board members understand their relationship with, and responsibilities towards (as applicable):
  - beneficiaries or service users
  - staff, particularly senior staff
  - members
  - volunteers
  - committees, working groups and advisory groups
  - central office, branches, and local or regional offices
  - subsidiary trading companies
  - other organisations with which the organisation formally collaborates

5. being clear about what matters are strategic and what matters are operational in relation to board oversight of the organisation. Avoiding inappropriate involvement in operational matters but taking responsibility for challenging and holding to account senior managers (e.g. the chief executive, senior management team) or other persons, organisations or agencies to whom they have delegated implementation of their strategic decisions
6. where the organisation has a chief executive, following proper and formal arrangements for the chief executive's appointment, supervision, support, appraisal and remuneration. Being clear which board members are responsible for day to day communication with, and supervision of, the chief executive. Ensuring that the relationship between the board and the chief executive retains an appropriate balance of support, scrutiny and challenge
7. where board members also act as volunteers or employees, being clear about the capacity in which they are acting at any given time
8. ensuring that individual board members do not act on behalf of the board without authority
9. strategically reviewing all aspects of the organisation's work and functioning to ensure its overall effectiveness.

# 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.

## **Why?**

The organisation's aims or purposes are its reason for existing; it should aim to secure the optimum means of fulfilling them. To do otherwise would be failing its beneficiaries, funders and supporters. If board members are committed to the organisation's purpose, this should drive them to aim to do better for the organisation's beneficiaries or service users. The board should always bear this in mind, and make decisions in the best interests of the people or cause it aims to help. The board must also ensure that the organisation remains focussed on delivering its purposes and avoids "mission drift".

# 2

## Supporting material

### This **must** include:

- ensuring that all activities, services and functions, particularly new ones, match the stated objects of the organisation as defined primarily in the governing document
- for registered charities, having regard to the Charity Commission's guidance on public benefit and reporting on the organisation's public benefit in the statutory Annual Report.

### Other important things to consider include:

1. identifying and considering the range of data and information from both internal and external sources to help meet the needs of beneficiaries in line with the organisation's stated purposes
2. setting short, medium and long term goals and ensuring that organisation-wide strategies are in place to monitor and implement these

3. ensuring that the organisation's stakeholders are supportive of, and committed to, achieving these goals
4. aligning management reports of organisational activities to the appropriate powers and objects in the governing document
5. assessing service provision against relevant comparators (e.g. similar organisations, suitable quality standards), undertaking periodic reviews of services, and seeking stakeholder feedback where appropriate
6. providing board members with timely and regular management accounts, ensuring that all board members are in a position to read and understand them, in order to make informed decisions

7. the board and senior management team (where applicable) remaining alert to external and environmental factors that could result in the board having to consider whether –
  - the needs of beneficiaries are being met by the state, or the organisational purpose has been achieved in some other way, and therefore the organisation can be wound up or the purposes changed
  - the purposes could be better achieved through collaboration, or where appropriate, merging with one or more other organisation(s) with similar objectives
  - different ways of working may be required to meet the opportunities and challenges presented by developments within the field of operation, including the risk of missing opportunities
8. having systems in place to measure outcomes, assess impact and enable the board to ensure the organisation delivers its purpose and identify:
  - successes that the organisation can celebrate
  - areas for improvement
  - new opportunities.

# 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.

## Why?

To work in the best interests of the organisation and its beneficiaries, the board needs to recruit individuals who:

- together have a mixture of knowledge, skills and experience that is relevant to the organisation's circumstances and needs
- have the requisite characteristics and skills to work as a committed, effective and supportive team, whilst retaining independence of thought and the maturity and ability to challenge constructively
- embody diversity in its widest sense, strengthening decision making by bringing a broad range of backgrounds and perspectives.



# 3



## Supporting material

### This must include:

- complying with any qualifications and all requirements in the governing document concerning who/how many may be appointed as board members, terms of office and manner of appointment
- complying with any requirements in the governing document concerning board meetings
- ensuring that board members are, and remain, eligible to act and that appropriate checks have been carried out (this may include minimum age, statutory disqualification, and CRB checks where applicable; and requiring new board members to sign a declaration of eligibility and willingness to act).

### Other important things to consider include:

1. ensuring that the board meets often enough to be effective, that board members are well-prepared and committed to attending and contributing constructively, and that meetings have a well-structured agenda and good chairmanship
2. adhering to a code of conduct which sets out expected standards of behaviour and the consequences of inappropriate behaviour, ensuring that any potential sanctions are in line with the governing document
3. maintaining a strategy for board renewal that will meet the organisation's changing needs. This will cover maximum terms of office and succession planning, particularly for the chair and other key positions/skills
4. ensuring that beneficiaries and other stakeholders can contribute appropriately and meaningfully to decision making
5. ensuring that the board:
  - collectively provides a mixture of skills, experience, qualities and knowledge appropriate to the organisation and its beneficiaries' needs, using skills audit and other relevant tools as appropriate
  - takes an active and intelligent approach towards diversity, understanding the term in its widest sense, avoiding tokenism and using board diversity to support its effectiveness
  - is big enough to provide the skills and experience needed, but not so large that decision making becomes unwieldy
  - invests sufficient time in developing positive working relationships amongst themselves and (where applicable) between the board and senior staff, particularly the chief executive
  - acts quickly and positively to deal with any relationship strains or breakdowns, using external facilitation or mediation where appropriate
6. (where it is permitted by the governing document), using a range of ways to recruit board members (such as advertising) to encourage diversity; including formal recruitment procedures and making appointments based on merit, objectively measured against the agreed skills audit and role description
7. using provisions in the governing document for appointing board members effectively and intelligently, so that (where applicable) elections by members and nominations by external bodies are informed by the skills needs identified by the board, and any power of co-option is used to fill key gaps in board skills
8. where staff are permitted to become board members by the governing document or other legal power, ensuring that:
  - staff are only appointed as board members where this can be shown to be in the interests of the charity
  - conflicts of interest are identified and properly managed
  - there is clarity about individuals' roles as staff members and board members
9. setting aside time to reflect on performance and functioning of the board and its committees as teams, and identifying and dealing with any areas for improvement
10. supporting board members in their training and development, and to facilitate this, periodically reviewing the performance and development needs of each board member.

# 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.

## Why?

The board are ultimately responsible for the decisions and actions of the organisation. Board members need to be assured that everyone acting in the organisation's name is complying with the board's directions and the requirements of law or regulation. Boards should provide direction, leadership and oversight without inappropriate involvement in operational matters. Delegation needs to be effectively supervised and monitored.



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## Supporting material

### This must include:

- ensuring, through appropriate policies, procedures and reporting mechanisms, that the organisation understands and complies with all legal and regulatory requirements which apply to the organisation, including where applicable:
  - charity law and the requirements of charity regulators in any country where it operates
  - trust law
  - company law and the requirements of Companies House and other regulators (e.g. CIC regulator)
  - industrial and provident society law <sup>1</sup>
  - employment law
  - health and safety regulations
  - data protection legislation
  - equality legislation
  - legislation applying to particular activities, such as fundraising, protection of children or vulnerable adults, provision of health or care services, provision of financial advice, housing and tenancy law
- complying with relevant provisions in the governing document and relevant law concerning the exercise of powers of delegation by the board

- acting prudently to protect the reputation, assets and property of the organisation
- ensuring that the organisation's assets and property are used only to deliver its stated objects and aims.

### Other important things to consider include:

1. regularly reviewing the range and impact of risks the organisation faces, including the risk of missed opportunities and the potential of small risks to snowball into higher impact risks. Considering the impact of each identified risk on beneficiaries or service users, staff and volunteers, long term plans and income generation, and putting in place strategies to manage those risks. This will include having and regularly reviewing a risk register and appropriate risk policy outlining the board's appetite for risk and how it will manage and limit the impact of identified risks
2. maintaining and regularly reviewing the systems of financial controls, internal controls, performance reporting, policies and procedures, with the board periodically taking steps to assure itself of their effectiveness and relevance to the activities the organisation undertakes and the risks it faces
3. recognising and maximising the value of diversity within the board as a means of identifying and managing risks, especially as a way of challenging institutional assumptions and thinking
4. having clear written terms of reference for committees of the board, advisory groups and panels, and for all delegated authority, which provide sufficient delegated authority and clear boundaries to allow officers, committees, staff, volunteers, consultants and agents to discharge their duty effectively and which are regularly reviewed and updated
5. periodically reviewing the organisation's committee, advisory group and panel structure to ensure that it continues to meet the organisation's governance needs
6. allowing the proper exercise of delegated authority by the chief executive and/or other staff and volunteers without inappropriate interference, whilst being sufficiently involved and engaged to properly supervise, hold to account and retain ultimate responsibility for decisions and actions taken, through appropriate systems of monitoring and reporting back
7. taking appropriate professional advice where necessary before making important decisions, especially those involving material risk.

<sup>1</sup>To be known as Co-operative and Community Benefit Society Law in the future

# 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.

## Why?

The board, both individually and collectively, have ultimate responsibility for the organisation's funds and assets, including its reputation. They take the lead in setting and championing the values and ethos of the organisation (see Principle 1). It is vital, therefore, that they maintain the respect of beneficiaries, other stakeholders and the public at large, by behaving with integrity both when acting as trustees and more generally. To behave otherwise risks bringing the charity and its work into disrepute.



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## Supporting material

### This must include:

- having in place and scrupulously following governing document provisions, policies and procedures for identifying, declaring and managing conflicts of interest and conflicts of loyalty. Where board members have a material conflict of interest, managing this may include:
  - not voting on, or participating in, discussion of a matter
  - not being counted towards the quorum
  - withdrawing from that part of the meeting at which a matter is discussed
- if the organisation is a company, ensuring that it complies with company law on the management of conflicts of interest and conflicts of loyalty
- ensuring that the organisation complies with the requirements of ‘whistleblowing’ legislation
- managing relations and boundaries between the organisation and any subsidiary companies, especially where individuals act as board members for both entities
- always taking decisions in the best interests of the organisation and its beneficiaries, ensuring that
  - the decision is within the board’s powers
  - the board is acting in good faith
  - the board has adequately informed itself and is basing its decision on a range of data and information that provides sound understanding of all relevant factors
  - the board is not allowing itself to be swayed by irrelevant factors
  - the decision is within the range of reasonable options open to the board and can be justified as such to stakeholders and regulators

- complying with laws against bribery, including implementing policies and clear guidelines concerning hospitality or gifts, the declaration and recording of offers of gifts or hospitality, and in what circumstances such offers may be accepted or must be refused.
- complying with any statutory or regulatory requirements concerning reporting or disclosure of payments, expenses or other benefits that board members receive from the organisation

### Other important things to consider include:

1. ensuring that the organisation’s values and ethos are enshrined in its policies and practices
2. including standards of ethical behaviour, for example the Nolan Principles,<sup>2</sup> in the code of conduct for board members (see Principle 3)
3. fostering a working environment that supports constructive challenge and welcomes different points of view
4. maintaining a register of interests and declaring an interest even if the board member is unsure of its relevance and potential impact
5. being open and honest in all matters presented to the board where a personal or business relationship may be perceived to impact adversely on (or simply influence) the work of the board or the organisation
6. where possible, seeking to diversify income streams to help ensure that no single funder can exercise undue influence over the actions and decisions of the board
7. where board members or others act as spokespersons for the organisation, ensuring that their personal views are never confused with, or represented as being, those of the organisation
8. Board members and other representatives of the organisation should never accept gifts or hospitality where this could be perceived as being likely to influence their decisions
9. ensuring that any statement made on behalf of the organisation is consistent with its mission, vision and values
10. where board members are nominated or appointed by other bodies, being clear that the responsibility as a board member of this organisation is to act and make decisions in the interests of this organisations and its beneficiaries, and not as a delegate or representative of the appointing body
11. ensuring that all board members understand and accept the need to be transparent and honest in all dealings with or on behalf of the organisation, to avoid any public perception of improper conduct. This will include the establishment of an expenses policy and procedures to claim legitimate expenses incurred (see also Principle 6)
12. having in place appropriate policies and procedures for whistleblowing, including safeguards to protect individuals who whistleblow.

<sup>2</sup> The Seven Nolan Principles of Public Life are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership

# 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.

## **Why?**

Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build trust and confidence with stakeholders and to demonstrate legitimacy when representing them.

## Supporting material

### This must include:

- fully complying with any legal requirements to produce annual reports and accounts. These should present a balanced and accurate assessment of the organisation's performance
- holding an annual meeting for members or other stakeholders if required by the organisation's governing document
- complying with equality legislation
- complying with any applicable legal or regulatory requirements concerning membership records.

### Other important things to consider include:

1. identifying those with a legitimate interest in the organisation's work (users or beneficiaries, staff, volunteers, members, and other stakeholders) and ensuring that there is a strategy for regular and effective communication with them about the organisation's achievements and work, including the board's role and the organisation's objects and values
2. ensuring that these people have the opportunity to hold the board to account and know how to do this appropriately, and that their views inform the organisation's planning, decision making and strategic reviews
3. demonstrating that the organisation learns from mistakes and errors and how that learning is used to improve organisational performance and internal decision making. This could be by having clear and effective complaints procedures, implementing them constructively and using the process as a valuable source of management information
4. ensuring that the organisation upholds principles of equality and diversity in every sphere of activity, going beyond the legal minimum where appropriate. Information and meetings should be accessible to all sections of the community e.g. by using plain language, offering communications in formats such as audio and Braille and in languages commonly spoken in the communities served
5. in organisations where board members are appointed by a wide membership, ensuring that the organisation:
  - has clear policies on who is and is not eligible for membership of the organisation
  - has clear and accurate and up-to-date membership records
  - keeps members informed about the organisation's work
  - actively seeks, values and takes into account the views of members on key issues
  - encourages members to participate in the governance of the organisation, clearly informing them about the responsibilities of board membership
6. recognising and acting on broader organisational responsibility towards communities, wider society and the environment, in so far as this does not divert the organisation from achieving its objects.

# Founding group contacts

## Association of Chief Executives of Voluntary Organisations (ACEVO)

ACEVO connects, develops and represents the third sector's leaders which include chief executives, chairs, trustees, directors and senior managers.

1 New Oxford Street  
London, WC1A 1NU  
T: +44 (0) 20 7280 4960  
F: +44 (0) 20 7280 4989  
E: [info@acevo.org.uk](mailto:info@acevo.org.uk)  
W: <http://www.acevo.org.uk>

3 Albion Place  
Leeds, LS1 6JL  
T: +44 (0) 113 243 2333  
F: +44 (0) 207 280 4989

## Charity Commission

The Charity Commission for England and Wales is established by law as the regulator and registrar of charities in England and Wales. It aims to provide the best possible regulation of these charities in order to increase charities' efficiency and effectiveness and public confidence and trust in them.

Charity Commission Direct  
PO Box 1227, Liverpool  
L69 3UG  
T: 0845 3000 218  
F: 0151 7031 555  
E: [enquiries@charitycommission.gsi.gov.uk](mailto:enquiries@charitycommission.gsi.gov.uk)  
W: <http://www.charity-commission.gov.uk>

## Charity Trustee Networks (CTN)

CTN's vision is of positive, effective trustees governing voluntary and community sector organisations. It works to achieve this by:

- Increasing trustees' access to information, guidance and support through networks, a website, signposting and services
- Developing understanding and awareness of trusteeship and governance.

2nd Floor  
The Guildford Institute  
Ward Street, Guildford  
GU1 4LH  
T: 01483 230280  
W: <http://www.trusteenet.org.uk>

## Institute of Chartered Secretaries and Administrators (ICSA)

ICSA is the international qualifying and membership body for the Chartered Secretary profession and the world's leading authority on corporate governance.

16 Park Crescent  
London  
W1B 1AH  
T: (+44) 020 7580 4741  
F: (+44) 020 7323 1132  
E: [info@icsa.co.uk](mailto:info@icsa.co.uk)  
W: <http://www.icsa.org.uk>

## National Council for Voluntary Organisations (NCVO)

NCVO is the largest umbrella body giving voice and support to civil society in England. NCVO's Governance and Leadership team champions, supports and enables good governance and effective leadership in civil society organisations. They provide information and support, high quality publications, consultancy and a range of training and events.

Regent's Wharf  
8 All Saints Street  
London  
N1 9RL  
T: 020 7713 6161  
F: 020 7713 6300  
E: [ncvo@ncvo-vol.org.uk](mailto:ncvo@ncvo-vol.org.uk)  
W: <http://www.ncvo-vol.org.uk>



# Useful contacts

## **bassac (British Association of Settlements and Social Action Centres)**

Organise training and events, highlight funding opportunities, and offer tailored support to members. With members they drive social change by raising local issues at a regional and national level.

33 Corsham Street  
London  
N1 6DR  
T: 020 7336 9442  
F: 0845 241 0376  
E: [info@bassac.org.uk](mailto:info@bassac.org.uk)  
W: <http://www.bassac.org.uk>

## **Black Training and Enterprise Group (BTEG)**

The Black Training and Enterprise Group (BTEG) is a national organisation providing a voice to government for black and minority ethnic service providers.

2nd Floor, Lancaster House  
31-33 Islington High Street  
London  
N1 9LH  
T: 020 7843 6110  
F: 020 7833 1723  
E: [info@bteg.co.uk](mailto:info@bteg.co.uk)  
W: <http://www.bteg.co.uk>

## **Centre for Effective Dispute Resolution (CEDR)**

The Centre for Effective Dispute Resolution is an independent non-profit organisation with a public mission and supported by multinational business, law firms and public sector organisations.

International Dispute Resolution Centre  
70 Fleet Street  
London  
EC4Y 1EU  
T: +44 (0)20 7536 6000  
F: +44 (0)20 7536 6001  
E: [info@cedr.com](mailto:info@cedr.com)  
W: <http://www.cedr.co.uk>

## **Charities Aid Foundation (CAF)**

The Charities Aid Foundation is a registered charity that works to create greater value for charities and social enterprise. We do this by transforming the way donations are made and the way charitable funds are managed.

25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4TA  
T: 03000 123 000  
F: 03000 123 001  
E: [enquiries@cafonline.org](mailto:enquiries@cafonline.org)  
W: <http://www.cafonline.org>

## **Charities Evaluation Services**

Charities Evaluation Services is the UK's leading provider of support and advice on quality and evaluation systems for the voluntary sector.

4 Coldbath Square  
London EC1R 5HL  
T: 020 7713 5722  
F: 020 7713 5692  
E: [enquiries@ces-vol.org.uk](mailto:enquiries@ces-vol.org.uk)  
W: <http://www.ces-vol.org.uk>

## **Charity Commission for Northern Ireland**

The Charities Act (Northern Ireland) 2008 created a new body: the Charity Commission for Northern Ireland which will have Commissioners and staff. It will establish a compulsory charity register of all charities operating in Northern Ireland. It will provide a charity test of who is and who isn't a charity.

W: <http://www.dsdni.gov.uk>

## **Charity Finance Directors' Group (CFDG)**

The Charity Finance Directors' Group is a membership organisation set up in 1987 and specialises in helping charities to manage their accounting, taxation, audit and other finance related functions.

3rd Floor  
Downstream Building  
1 London Bridge  
London  
SE1 9BG  
T: +44 (0)845 345 3192  
F: +44 (0)845 345 3193  
E: [info@cfdg.org.uk](mailto:info@cfdg.org.uk)  
W: <http://www.cfdg.org.uk/cfdg>

## **Companies House**

The main functions of Companies House are to incorporate and dissolve limited companies examine and store company information delivered under the Companies Act and related legislation and make this information available to the public.

Crown Way  
Maindy  
Cardiff  
CF14 3UZ  
T: +44 (0)303 1234 500  
F: 029 20380900  
E: [enquiries@companies-house.gov.uk](mailto:enquiries@companies-house.gov.uk)  
W: <http://www.companieshouse.gov.uk>

## **Community Matters**

Community Matters is the nationwide federation for community associations and similar organisations across the UK. Originally established as the National Federation of Community Associations in 1945, it has played a key role in promoting and supporting action by ordinary people in response to social, educational and recreational needs in their neighbourhoods and communities.

12-20 Baron Street  
London  
N1 9LL  
T: 020 7837 7887  
F: 020 7278 9253  
E: [info@communitymatters.org.uk](mailto:info@communitymatters.org.uk)  
W: [www.communitymatters.org.uk](http://www.communitymatters.org.uk)

## **Directory of Social Change (DSC)**

Directory of Social Change is an independent charity with a vision of an independent voluntary sector at the heart of social change. It provides essential information and training to the voluntary sector to enable charities to achieve their mission and runs courses and publishes charity and voluntary sector books on fundraising, management, organisational and personal development, communication, finance and law.

24 Stephenson Way  
London, NW1 2DP,  
T: 020 7391 4800  
F: 020 7391 4808  
E: [training@dsc.org.uk](mailto:training@dsc.org.uk)  
W: [www.dsc.org.uk](http://www.dsc.org.uk)

Federation House  
Hope Street, Liverpool, L1 9BW  
T: 0151 708 0117  
F: 0151 708 0139  
E: [research@dsc.org.uk](mailto:research@dsc.org.uk)

# Useful contacts continued

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## Ethnic Minority Foundation (EMF)

The Ethnic Minority Foundation is a national registered charity created to improve the lives of Britain's minority ethnic communities and bring about social change. It aims to eradicate poverty, injustice and prejudice wherever they exist and promote instead prosperity, fairness and understanding.

Forbes House  
9 Artillery Lane  
London E1 7LP  
T: 020 7426 8950  
F: 020 7426 8429  
E: [enquiries@ethnicminorityfund.org.uk](mailto:enquiries@ethnicminorityfund.org.uk)  
W: [www.ethnicminorityfund.org.uk](http://www.ethnicminorityfund.org.uk)

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## Institute of Fundraising

The Institute of Fundraising is the professional membership body for UK fundraising. Its mission is to support fundraisers, through leadership, representation, standards-setting and education, and it champions and promotes fundraising as a career choice.

Park Place  
12 Lawn Lane  
London  
SW8 1UD  
T: 020 7840 1000  
F: 020 7840 1001  
W: [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)

## Institute of Fundraising Scotland

22/1A Calton Road  
Edinburgh  
EH8 8DP  
T: 0131 557 2100

## Institute of Fundraising Cymru

1st Floor, 21 Cathedral Road  
Cardiff  
CF11 9HA  
T: 0292 034 0062

## National Association of Councils for Voluntary Action (NACVA)

NAVCA is the national voice of local third sector infrastructure in England. It aims to ensure communities are well served by the local third sector by supporting members and their work with over 160,000 local groups and organisations.

The Tower, 2 Furnival Square  
Sheffield, S1 4QL  
T: 0114 278 6636  
F: 0114 278 7004  
E: [navca@navca.org.uk](mailto:navca@navca.org.uk)  
W: <http://www.navca.org.uk>

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## The Office of the Scottish Charity Regulator (OSCR)

OSCR is the independent regulator and registrar for Scottish charities. It regulates over 23,500 Scottish charities including community groups, religious charities, schools, universities, grant giving charities and major care providers.

2nd Floor, Quadrant House  
9 Riverside Drive, Dundee  
DD1 4NY  
T: 01382 220446  
E: [info@oscr.org.uk](mailto:info@oscr.org.uk)  
W: <http://www.oscr.org.uk>

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## Public Concern at Work (PcaW)

Public Concern at Work is the independent authority on public interest whistleblowing.

Suite 301, 16 Baldwins Gardens  
London, EC1N 7RJ  
T: 020 7404 6609  
F: 020 7404 6576  
E: [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk)  
W: <http://www.pcaw.co.uk>

## Skills – Third Sector

Skills - Third Sector is a sector-led, independent charity which helps ensure the third sector has the skills and learning it needs to do the best possible job.

Centre Court, Atlas Way  
Sheffield, S4 7QQ  
T: 0845 450 3860  
E: [info@skills-thirdsector.org.uk](mailto:info@skills-thirdsector.org.uk)  
W: <http://www.skills-thirdsector.org.uk>

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## Volunteering England

Volunteering England works to support and increase the quality, quantity, impact and accessibility of volunteering throughout England.

Regents Wharf  
8 All Saints Street  
London N1 9RL  
United Kingdom  
T: +44 (0)845 305 6979  
F: +44 (0) 20 7520 8910  
E: [volunteering@volunteeringengland.org](mailto:volunteering@volunteeringengland.org)  
W: [www.volunteering.org.uk](http://www.volunteering.org.uk)

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## The Work Foundation

The Work Foundation is the leading independent authority on work and its future. It aims to improve the quality of working life and the effectiveness of organisations by equipping leaders, policymakers and opinion-formers with evidence, advice, new thinking and networks.

W: [www.theworkfoundation.com](http://www.theworkfoundation.com)

# About the Code

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



## [improving-support.org.uk/governance](http://improving-support.org.uk/governance)

A joint initiative to strengthen support services for the third sector

### **ACEVO**

1 New Oxford Street  
London WC1A 1NU

Charity Registration: 1114591

### **CTN**

2nd Floor  
The Guildford Institute  
Ward Street  
Guildford GU1 4LH

Charity Registration: 1110979

### **ICSA**

16 Park Crescent  
London W1B 1AH

### **NCVO**

Regent's Wharf  
8 All Saints Street  
London N1 9RL

Charity Registration: 22592