

IMPLEMENTING THE CHARITY GOVERNANCE CODE

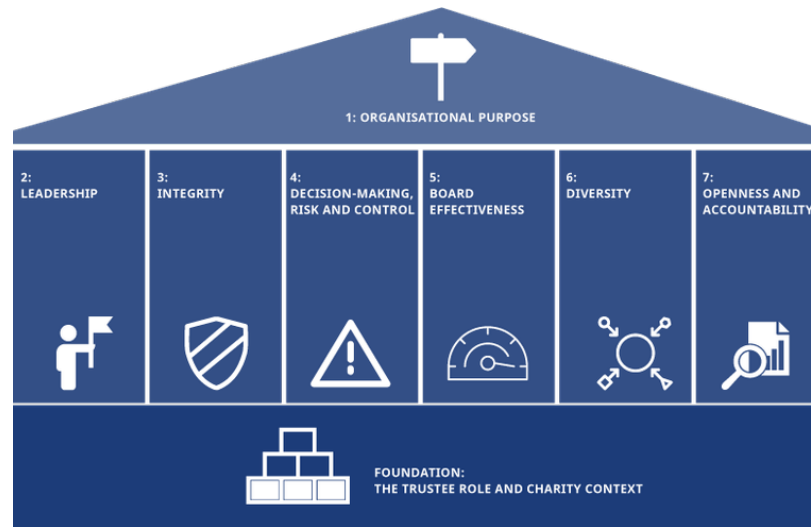
A TOOLKIT FOR MICRO CHARITIES

About the toolkit

This practical toolkit is designed to be used by the boards¹ of micro voluntary charities to assist them to review and improve the governance of their charity.

Charities come in all shapes and sizes and it's up to charity trustees to determine if this tool is suitable for a charity's context. As a rule of thumb, for the purpose of this tool we have defined 'micro' as meaning charities with an income of less than £100,000 per year with no paid staff.

The toolkit is based on the foundation principle stated in the Charity Governance Code (www.charitygovernancecode.org.uk), along with its seven principles of good governance:



While the principles, key outcomes and legal and regulatory context are taken direct from the Code, the rest of the toolkit is tailored to the specific needs and characteristics of micro voluntary organisations.

¹ The term 'board' is used to describe the group of people who govern the charity and have ultimate legal responsibility for it. The group may also be known as the executive committee, management committee, council or governing body.

In relation to each principle, the toolkit describes what good might look like. The description is not intended to be a definitive statement of what must be in place but is designed to give you an indication of how application of the principle might look in practice. The questions for discussion enable you as a board to delve into the principle in more detail. They act as a good starting point for any governance review. You may feel that some of the questions expect too much from a charity of your size. This is deliberate - some questions challenge you to move from good governance practice to best governance practice.

This toolkit will help your board to understand what constitutes good governance in charities, assess the extent to which your charity is well-governed, identify areas where your board needs to focus attention and assist your board to produce a governance improvement plan.

How to use the toolkit

1. Read each principle and the key outcomes. These set out what the Code expects from well-governed charities, irrespective of size and resources.
2. Read 'what this might look like in practice'. As a board, consider the extent to which your charity and board resemble that described. Are there any similarities or differences and why?
3. Use the 'questions for discussion' to delve more deeply into the principle and outcomes and how your charity and board perform in relation to them. As a board, can you identify any areas for improvement?
4. If you need further information to fully understand a principle, key outcome or question, refer to the 'further information and support' section relevant to the principle in discussion.
5. Once you have completed steps 1–4, use the table at the end of the principle to note down any areas for improvement that your board has identified and agreed.
6. As a board, go through each area for improvement and agree what improvement action needs to be taken, by when and by whom.
7. Pull together the areas for improvement across all of the principles to form a complete governance improvement plan for your charity.

Depending on the time your board has available, you may wish to cover all eight principles in one go, or work through them one area at a time, prioritising those areas where you feel there is the most to be done.

It is important to remember that your governance improvement plan is a working document. You will need to update it as actions are completed or when further review is undertaken or circumstances change and new areas for improvement are identified.

Section A: Reviewing your governance

Foundation: the trustee role and charity context

It is the Code's starting point that all trustees:

- are committed to their charity's cause and have joined its board because they want to help the charity deliver its purposes
- recognise that meeting their charity's stated public benefit is an ongoing requirement
- understand their roles and legal responsibilities, and, in particular, have read and understand:
 - the Charity Commission's guidance The Essential Trustee (CC3)
 - their charity's governing document
- are committed to good governance and want to contribute to their charity's continued improvement.

What this might look like in practice

All trustees understand the role and legal duties of trustees. They have all been provided with a copy of The Essential Trustee and the charity's governing document which they have read and understood. Trustees also have a good understanding of why the charity exists, who it serves and they are committed to the charity's cause. Trustees are clear about the different roles they may have within the charity as a trustee and as a volunteer and in which capacity they are acting at any given time. Trustees receive updates on changes in charity law and regulation.

Questions for discussion

1. Do all trustees understand their roles and legal responsibilities?
2. Do all new trustees receive an induction which introduces them to their responsibilities and to the charity?
3. Have all trustees read and understood the Charity Commission's guidance for trustees The Essential Trustee (CC3) and your charity's governing document?
4. Do trustees understand the difference between their role as a trustee and any other role they may have within the charity (e.g. as a volunteer) and is this reflected in their actions?

5. Are all trustees aware of your charity's purposes and public benefit and how your charity works to achieve these?
6. Are all trustees committed to your charity and motivated to meet their responsibilities as a trustee?
7. Do all trustees understand the need to ensure that your charity is well governed?

Further information and support

Information and guidance

- General guidance on the roles and responsibilities of trustees can be found here:
 - <https://knowhow.ncvo.org.uk/governance/board-responsibilities/legal-duties-of-trustees>
 - <https://knowhow.ncvo.org.uk/governance/board-responsibilities/legal-duties-of-trustees>
 - <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles/delegation-to-committees-and-staff>
- Online training for charity trustees is available here <https://knowhow.ncvo.org.uk/studyzone/a-trustees-role-and-responsibilities>
- In its guidance The Essential Trustee: What you need to know, what you need to do (CC3), the Charity Commission explains the key duties of all trustees of charities in England and Wales and what trustees need to do to carry out these duties competently. All trustees must have read and understood this guidance. It can be found at: www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3
- Trustees have a duty to 'have regard' to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. Such guidance can be accessed here: www.gov.uk/guidance/public-benefit-rules-for-charities
- Information on the importance and content of a governing document can be found here: www.knowhow.ncvo.org.uk/governance/getting-started-in-governance/governingdoc
- More information on the basics of charity governance can be found here: <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/getting-started-in-governance>

Tools and sample documents

- Trustee induction schedule and pack to be tailored to your charity: <http://knowhow.ncvo.org.uk/governance/tools-resources/board-basics/tools-and-guidance/create-a-comprehensive-trustee-induction-pack>
- Charity Governance Code: <https://www.charitygovernancecode.org/en>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

1. Organisational purpose

Principle

The board is clear about the charity's aims and ensures that these are being delivered effectively and sustainably.

Key outcomes

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

How this might look in practice

Trustees have a clear understanding of the charity's purposes and its direction. There is a plan in place for how the charity will work towards achieving its charitable purposes and trustees review performance against the plan and associated budgets. Trustees review the charity's plan and direction from time to time to see if there is a more effective or impactful way of achieving the charitable purposes. Beneficiary views are taken into account. The charitable purposes are reviewed from time to time to ensure that they continue to be relevant and valid. Trustees regularly review the charity's funding to ensure the sustainability of its work.

Questions for discussion

1. Do all trustees understand your charity's purposes and its public benefit?
2. Do you take decisions with the charity's purposes in mind to avoid 'mission drift'?
3. As a board, have you agreed a plan for how your charity is going to work towards achieving its purposes?
4. Do you have budgets in place, in line with your plan?
5. Do you monitor progress against your plan and budgets and change them where necessary?
6. Do you review your charitable purposes to ensure that they continue to be relevant and valid?
7. Are your stakeholders, including beneficiaries, involved in deciding how you achieve your charity's purposes?
8. Do you consider collaboration or merger with other charities where this would be in the best interests of your charity's purposes?

9. Do you evaluate the impact of your work?
10. Do you regularly review funding sources to ensure the sustainability of your work?

Legal and regulatory context – Boards must make sure they understand the charity’s purposes, plan what the charity will do and can explain how these activities are intended to support the purposes.

Further information and support

Information and guidance

- Basic information from the Charity Commission on charitable purposes and the public benefit requirement can be found here: <https://www.gov.uk/government/collections/charitable-purposes-and-public-benefit>
- For guidance on strategy and planning, including how to involve beneficiaries in your planning, see here: <https://knowhow.ncvo.org.uk/organisation/strategy>
- For guidance from the Charity Commission on how to update your governing document, including your charitable purposes, see here: <https://www.gov.uk/guidance/how-to-make-changes-to-your-charitys-governing-document>
- For general information on charity funding as well as tools and information to help you plan ahead and develop a diverse income mix, see here: <https://knowhow.ncvo.org.uk/funding/fibasics/funding-and-income-an-overview-1>
- For information on collaboration and different ways of working with others, see here: <https://knowhow.ncvo.org.uk/organisation/collaboration>. More detailed Charity Commission guidance (CC34) can be found here: : https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/638161/CC34.pdf
- For general guidance relating to impact, including planning, measuring, evaluating and reporting your impact, see here: <https://knowhow.ncvo.org.uk/organisation/impact>

Tools and sample documents

- The following toolkit is a guide to help your board find a suitable pathway through the stages of strategic planning. While the toolkit is not aimed at micro charities, it contains a number of useful ideas, guidance and exercises: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/ncvotoolsfortomorrowextract.pdf>
- The income diversification tool is a three-step tool which you can use to explore your options in diversifying your charity's income and create an action plan to get there: <https://knowhow.ncvo.org.uk/tools-resources/income-diversification-tool>
- NCVO members can download a business plan template and guidance. <https://knowhow.ncvo.org.uk/tools-resources/business-plan-template>
- Measuring Up! is a step-by-step self-assessment tool that allows your board to review and improve your charity's impact practice, that is the way you plan, evidence, communicate and learn from the difference that your work makes. The version for charities with an income of under £100,000 can be found here: <https://www.inspiringimpact.org/measuring-up/measuring-up-for-small-organisations>.

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

2. Leadership

Principle

Every charity is headed by an effective board that provides strategic leadership in line with the charity's aims and values.

Key outcomes

- The board, as a whole, and trustees individually, accept collective responsibility for ensuring that the charity has a clear and relevant set of aims and an appropriate strategy for achieving them.
- The board agrees the charity's vision, values and reputation and leads by example, requiring anyone representing the charity reflects its values positively.
- The board makes sure that the charity's values are reflected in all of its work and that the ethos and culture of the organisation underpin the delivery of all activities.

What this might look like in practice

The board operates at a strategic level, providing oversight and direction to the charity. All trustees accept ultimate responsibility for the charity. Operational issues are discussed outside of board meetings, even where trustees also hold operational roles, unless the issue is relevant to the governance of the charity. There are role descriptions in place for trustees and the chair leads the board to ensure it is able to meet its governance responsibilities. Board meetings are well attended and decisions are well debated. The board takes measures to ensure a positive and respectful culture on the board and in the charity more widely. There are proper arrangements in place for the recruitment, support and supervision of volunteers to enable them to work effectively.

Questions for discussion

1. Does the board operate at a strategic level, providing oversight and direction to the charity?
2. Is there clarity between operational roles and governance roles?
3. Are board functions properly defined using written role descriptions?
4. Do board meetings focus on governance issues?

5. Does your chair of trustees lead the board and ensure it is able to meet its governance responsibilities?
6. Do all trustees give sufficient time and attention to the charity to carry out their responsibilities effectively?
7. Has the board agreed a set of values for your charity and do these underpin its decision-making and the activities of the charity?
8. As a board, do you encourage constructive challenge during board meetings and welcome diverse views?
9. Does the board make sure that there are proper arrangements in place for the recruitment, support and supervision of volunteers to enable them to work effectively?

Legal and regulatory context – The board has ultimate legal responsibility for the management and administration of the charity, including ensuring accountability in the charity.

Further information and support

Information and guidance

- For more information on the role of the board, see here: <https://knowhow.ncvo.org.uk/governance/board-responsibilities/setting-the-framework> and delegation to volunteers: <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles/delegation-to-committees-and-staff>
- Information on specific roles within the board, including chair, vice chair, treasurer and secretary can be found here: <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles/roles-on-the-board>
- *A Chair's Compass – a guide for Chairs of charities and non-profit organisations* can be downloaded here: <https://www.associationofchairs.org.uk/resources/chairs-compass>. The publication aims to help chairs develop their skills. It sets out four essential compass points for chairs: clarity of purpose; cohesive board; constructive relationships; and considered decision-making.
- For guidance on setting a charity's vision, mission and values, see here: <https://knowhow.ncvo.org.uk/governance/board-responsibilities/setting-the-framework>
- Guidance to help you understand your legal rights and obligations when managing volunteers: <https://knowhow.ncvo.org.uk/tools-resources/volunteers-and-the-law>

- For information to help you get the most from you volunteers, see here: <https://knowhow.ncvo.org.uk/your-team> and for information on your legal rights and obligations when managing volunteers, see here: <https://knowhow.ncvo.org.uk/tools-resources/volunteers-and-the-law>
- The Charity Commission’s guidance on how to manage your volunteers can be found here: <https://www.gov.uk/guidance/how-to-manage-your-charitys-volunteers>

Tools and sample documents

- To access role descriptions including trustee, chair, secretary and treasurer, which should be adapted to suit your charity, see here: <https://knowhownonprofit.org/tools-resources/board-basics/model-documents-and-templates/role-descriptions>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

3. Integrity

Principle

The board acts with integrity, adopting values and creating a culture which help achieve the organisation's charitable purposes. The board is aware of the importance of the public's confidence and trust in charities, and trustees undertake their duties accordingly.

Key outcomes

- The board acts in the best interests of the charity and its beneficiaries. The board is not unduly influenced by those who may have special interests and places the interests of the charity before any personal interest. This applies whether trustees are elected, nominated, or appointed. Collectively, the board is independent in its decision making.
- The board safeguards and promotes the charity's reputation and, by extension, promotes public confidence in the wider sector.
- In their conduct, members of the board and those working in or representing the organisation are seen to be acting with integrity and in line with the values of the charity.

What this might look like in practice

The trustees alone are the ultimate decision-makers in the charity. All decisions are made in the best interests of the charity and its ability to achieve its charitable purposes. This takes precedence over any personal or special interests trustees may have. Trustees understand when and how to declare conflicts of interest or loyalty and these are dealt with in accordance with a conflict of interest policy and procedure. Trustees behave with integrity at all times and in accordance with a written code of conduct. Trustees take measures to ensure a positive and respectful culture throughout the charity.

Questions for discussion

1. When making decisions, do all trustees put the interests of the charity and its beneficiaries before any personal or special interests they may have?
2. Is your board independent in its decision-making?
3. Do trustees know when and how they must declare conflicts of interest and/or loyalty?
4. Do you manage conflicts of interest and/or loyalty in accordance with a conflict of interest policy and procedure?

5. Has your board agreed a set of values and does your board ensure that these values are embedded in the way the charity operates and the way the board operates?
6. Do trustees adhere to a written code of conduct which sets out the standards expected of them?
7. Does the board ensure that any statement made on behalf of the charity is consistent with the purposes and values of the charity?

Legal and regulatory context – Trustees are required to act in the best interests of the charity to achieve its charitable purposes. They must deal with conflicts of interest and loyalty to ensure the charity's purposes are the most important part of all board decisions.

Further information and support

Guidance and information

- Charity Commission detailed guidance on conflicts of interest (CC29), including how to identify and manage them, can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/636091/CC29.pdf. 'How to' guidance can be accessed here: <https://www.gov.uk/guidance/manage-a-conflict-of-interest-in-your-charity>
- For the Charity Commission's guidance on charity trustees and decision-making (CC27), which details the principles that charity trustees should follow to make sound decisions and fulfil their legal responsibilities. see here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/583855/CC27_new.pdf
- For Charity Commission guidance on trustee expenses and payments (CC11), see here: <https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11>. A summary of the rules can be found here: <https://www.gov.uk/guidance/payments-to-charity-trustees-what-the-rules-are>
- For guidance on developing and using trustee codes of conduct, which includes a simple model code of conduct see here: https://www.smallcharities.org.uk/fileadmin/user/files_documents/CodesofConductforTrustees-CTNbooklet.pdf
- For practical guidance on how to develop a communications strategy, see here: <https://knowhow.ncvo.org.uk/campaigns/communications/communications-strategy>

Tools and sample documents

- Conflicts of interest policy, declaration of interest form and register of interest: <https://knowhownonprofit.org/tools-resources/board-basics/model-documents-and-templates/conflicts-of-interest-procedure>
- Code of conduct for trustees: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/code-of-conduct>
- Declaration of interests form: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/declaration-of-interests-form>
- Trustee expenses form: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/manage-your-trustees2019-expenses-claims>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

4. Decision-making, risk and control

Principle

The board makes sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored.

Key outcomes

- The board is clear that its primary focus is on strategy, performance and assurance, rather than operational matters, and reflects this in the matters it delegates.
- The board implements a sound decision-making and monitoring framework which assists the organisation in delivering its charitable purposes. It is aware of the full breadth of financial and non-financial risks it needs to monitor and manage.
- The board promotes a culture of sound management with resources but also understands that being overcautious and risk averse can itself be a risk and hinder innovation.
- Where aspects of the board's role are delegated to committees, staff, volunteers, or contractors, the board retains responsibility and oversight.

What this might look like in practice

All trustees accept that they are ultimately responsible for the decisions made by the board and they are confident that the decisions they make are well informed, well debated and in the best interests of the charity's purposes. Professional advice is obtained where necessary. Board meetings focus on governance issues and do not stray inappropriately into operational issues. Where the trustee board has delegated to volunteers and others, trustees oversee the performance of others and understand that they remain ultimately responsible. The charity has in place appropriate financial controls, internal controls, policies and procedures such that the trustees are confident that the charity's resources are being managed responsibly. Trustees are confident that the charity complies with all relevant legal and regulatory requirements. Risks are monitored and reviewed on a regular basis.

Questions for discussion

1. As a board, would you describe your decision-making as informed, rigorous and timely?
2. Does the board accept collective responsibility for decisions?
3. Does your board focus on direction, performance and assurance rather than operational matters?
4. For those trustees who are also working at an operational level (e.g. as volunteers), are they clear about the capacity in which they are acting at any given time, what they are and are not authorised to do and to whom they report?
5. Is any delegated authority properly supervised by the board?
6. Does your board ensure that your resources (money, data, reputation, volunteers, etc) are managed responsibly and that you comply with your governing document and applicable legal and regulatory requirements?
7. Does your charity have in place appropriate financial controls, internal controls, policies and procedures and do you review the appropriateness and effectiveness of these?
8. Do you monitor the charity's performance against plans and budgets?
9. As a board do you regularly identify and review the risks the charity faces and do you take action to manage these?
10. Does your board take appropriate professional advice where necessary?

Legal and regulatory context – Trustees are collectively responsible for all decisions that are made, and for all actions that are taken with their authority. Trustees have a duty to manage the charity's resources responsibly.

Further information and support

Information and guidance

- For Charity Commission guidance on charity trustees and decision-making (CC27), see here: <https://www.gov.uk/government/publications/its-your-decision-charity-trustees-and-decision-making/its-your-decision-charity-trustees-and-decision-making> and for a quick summary, see: <https://www.gov.uk/guidance/charity-meetings-making-decisions-and-voting>
- For more information on the role of the board, see here: <https://knowhow.ncvo.org.uk/governance/board-responsibilities>
- For information on delegation to volunteers see here : <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles/delegation-to-committees-and-staff> and for delegation to Honorary Officers including the Chair and Treasurer, see here: <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles/roles-on-the-board>
- Charity Commission guidance on managing charity assets and in particular charity finances (CC25) can be found here: <https://www.gov.uk/government/publications/managing-charity-assets-and-resources-cc25/managing-charity-assets-and-resources>
- Information on policies and procedures can be found here: <https://knowhow.ncvo.org.uk/organisation/operations/policies-and-procedures>
- Information on the legislation and regulation that applies to charities can be found here: <https://knowhownonprofit.org/organisation/operations/legal/legal>. Plus see the legal compliance checklist below.
- Charity Commission guidance on how to insure your charity can be found here: <https://www.gov.uk/guidance/how-to-insure-your-charity>. More detailed guidance (CC49) can be found here: <https://www.gov.uk/government/publications/charities-and-insurance-cc49>
- Charity Commission guidance on how to manage risks in your charity can be found here: <https://www.gov.uk/guidance/how-to-manage-risks-in-your-charity>. More detailed guidance (CC26) can be found here including a sample risk register: <https://www.gov.uk/government/publications/charities-and-risk-management-cc26/charities-and-risk-management-cc26>
- Charity Commission guidance on how to keep your charity's money safe, including an internal financial controls checklist, can be found here: <https://www.gov.uk/guidance/charity-money-how-to-keep-it-safe>. More detailed guidance (CC8) can be found here: <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

Tools and sample documents

- Risk register template: <https://knowhow.ncvo.org.uk/tools-resources/risk-management/template-risk-register>
- Legal compliance checklist: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/legal-checklist>
- A large number of policies and procedures can be found here, including health and safety, safeguarding, data protection and GDPR, equality and diversity, expenses, complaints, volunteer recruitment and selection: <https://knowhow.ncvo.org.uk/organisation/operations/policies-and-procedures>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

5. Board effectiveness

Principle

The board works as an effective team using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

Key outcomes

- The board's culture, behaviours, and processes help it to be effective which includes accepting and resolving challenge or differing views.
- All trustees have appropriate skills and knowledge of the charity and can devote enough time to be effective in their role.
- The chair enables the board to work as an effective team by developing strong working relationships between members of the board and creates a culture where differences are aired and resolved.

What this might look like in practice

The board works well as a team. Decisions are well debated by the board but trustees are also very supportive of each other and they unite behind the decisions taken. There is a code of conduct in place so that trustees know the standards expected of them. Where essential skills or experience are missing on the board, this is fed into trustee recruitment. There are maximum terms of office in place for trustees. Trustees understand the trustee role and a process of induction for new trustees and ongoing development for existing trustees help to reinforce this. Meetings are well planned, well attended, well chaired and they focus on the right things. All trustees give sufficient time and attention to the trustee role and the board reviews its own performance from time to time.

Questions for discussion

1. Do trustees work together as a committed, effective and supportive team?
2. Is there a culture on the board whereby differences are aired and resolved?
3. Do trustees adhere to a written code of conduct which sets out the standards expected of them?

4. Are there trustees on your board with the skills and experience your charity needs?
5. Do you take into account skills gaps when recruiting and developing trustees?
6. Do all new trustees receive an induction which introduces them to their responsibilities and to the charity?
7. Do you have maximum terms of office for trustees to ensure the board is refreshed?
8. Does your board meet often enough to meet its responsibilities and be effective?
9. Are board meetings well planned, structured and productive and do they focus on the right things?
10. Are all trustees well prepared for board meetings?
11. Do you check how well your board is performing from time to time?

Legal and regulatory context – Trustees must perform their duties with reasonable care and skill to fulfil the charity's purposes.

Further information

Information and guidance

- For more information on the trustee board structure and composition, see here: <https://knowhow.ncvo.org.uk/governance/governance-structure-and-roles>
- For guidance on trustee recruitment and induction:
 - Charity Commission 'how to' guide to getting the right people with the right skills on your charity's trustee board, contains a lot of useful signposting and templates: <https://www.gov.uk/guidance/trustee-board-people-and-skills>. More detailed Charity Commission guidance can be found here (CC30): <https://www.gov.uk/government/publications/finding-new-trustees-cc30>
 - Guidance on trustee recruitment, including information on where you can advertise your trustee vacancies: <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/recruiting-trustees>
 - On-line training on trustee recruitment training and induction: <https://knowhow.ncvo.org.uk/governance/studyzone/trustee-recruitment-and-induction>

- For detailed guidance on developing and using trustee codes of conduct, see here: https://www.smallcharities.org.uk/fileadmin/user/files_documents/CodesofConductforTrustees-CTNbooklet.pdf
- General guidance on board meetings and taking decisions: <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/board-meetings> and <https://knowhow.ncvo.org.uk/governance/getting-started-in-governance/taking-decisions-and-getting-work-done>
- Detailed guidance from the Charity Commission on charity trustees and decision making (CC27), contains the principles that charity trustees should follow to make sound decisions and fulfil their legal responsibilities: <https://www.gov.uk/government/publications/its-your-decision-charity-trustees-and-decision-making>
- Charity Commission ‘how to’ guide to charity meetings: <https://www.gov.uk/guidance/charity-meetings-making-decisions-and-voting>. More detailed Charity Commission guidance can be found here (CC48): <https://www.gov.uk/government/publications/charities-and-meetings-cc48>
- Guidance on running effective board meetings: https://www.cass.city.ac.uk/_data/assets/pdf_file/0005/293513/1.-Effective-Board-Meetings.pdf and board effectiveness: <https://knowhow.ncvo.org.uk/governance/improving-your-governance-practice/do-we-organise-ourselves-effectively>
- For information on training trustees: <https://knowhow.ncvo.org.uk/governance/improving-your-governance-practice/development-and-training-of-trustees>
- *A Chair’s Compass – a guide for Chairs of charities and non-profit organisations* can be downloaded here: <https://www.associationofchairs.org.uk/resources/chairs-compass>. It aims to help Chairs and Vice Chairs develop their skills and sets out four essential compass points for Chairs: clarity of purpose; cohesive board; constructive relationships; and considered decision-making.
- For guidance on board reviews and governance reviews:
 - Information on governance and board reviews: <https://knowhow.ncvo.org.uk/governance/improving-your-governance-practice/governance-reviews>
 - Board appraisal good practice guide: https://www.cass.city.ac.uk/_data/assets/pdf_file/0008/293516/5.-Board-appraisal.pdf

Tools and sample documents

- Trustee recruitment for small organisations contains guidance on the recruitment process and a number of useful activities and sample documents: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/trustee-recruitment-packs>
- Board meeting agenda: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/run-better-board-meetings>
- Code of conduct for trustees: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/code-of-conduct>

- Skills audit template: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/identify-the-skills-on-your-board>
- Reach Volunteering, how to complete a skills audit, including a useful template: <https://reachvolunteering.org.uk/guide/how-complete-skills-audit>
- Trustee induction schedule and pack: <http://knowhow.ncvo.org.uk/governance/tools-resources/board-basics/tools-and-guidance/create-a-comprehensive-trustee-induction-pack>
- Charity Commission checklist for reviewing your charity’s governance, finance and resilience: <https://www.gov.uk/government/publications/charity-trustee-meetings-15-questions-you-should-ask>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

6. Diversity

Principle

The board's approach to diversity supports its effectiveness, leadership and decision-making.

Key outcomes

- The board's effectiveness is enhanced by a variety of perspectives, experiences and skills.
- The board ensures that the charity upholds principles of equality and diversity going beyond the legal minimum where appropriate.

What this might look like in practice

There is a healthy level of constructive debate in board meetings. The board welcomes different views and perspectives and can recognise the value of a diverse board. Trustee voices are heard equally at board meetings. As far as possible, the board endeavours to recruit trustees with a range of different skills, experience and backgrounds. Board practice has been reviewed (timing and location of meetings, reimbursement of expenses, etc) to ensure that nothing it does or doesn't do acts as a barrier to someone becoming a trustee.

Questions for discussion

1. As a board, do you recognise the value of a diverse board?
2. Does your board review the skills, experiences and diversity of background of trustees?
3. Does such a review feed into trustee recruitment and development?
4. Does your board make a positive effort to remove, reduce or prevent any obstacles which might prevent people from becoming a trustee for example, by providing childcare, travel and other expenses, changing the location, timing and frequency of meetings?
5. As a board, do you take steps to ensure you benefit from a diverse range of view and input either through board composition or by some other means?
6. Are all trustees able to participate in board meetings and are voices equally heard?

7. Does your chair encourage an environment of constructive challenge on the board?

Legal and regulatory context – Trustees must exercise reasonable care and skill in leading the charity and act in the charity’s best interests. By extension, trustees should ensure that there is a mix of skills, experience and backgrounds on the board so these duties can be met.

Further information and support

Information and guidance

- For information on the case for diversity on trustee boards and for guidance on how to increase diversity on your board, see here: <https://knowhow.ncvo.org.uk/governance/improving-your-governance-practice/how-to-increase-diversity-among-trustees>
- Charity Commission ‘how to’ guide on how to get the right people with the right skills on your charity's trustee board can be found here: <https://www.gov.uk/guidance/trustee-board-people-and-skills>. For the Charity Commission’s detailed guidance on finding new trustees (CC30) see here: <https://www.gov.uk/government/publications/finding-new-trustees-cc30>. In particular see sections 3.3 and 4.6 on diversity and trustee recruitment.
- For Charity Commission guidance on beneficiaries as charity trustees (CC24), see here: <https://www.gov.uk/government/publications/users-on-board-beneficiaries-who-become-trustees-cc24>
- A Chair’s Compass – a guide for Chairs of charities and non-profit organisations can be downloaded here: <https://www.associationofchairs.org.uk/resources/chairs-compass>. The publication aims to help chairs develop their skills. It sets out four essential compass points for chairs: clarity of purpose; cohesive board; constructive relationships; and considered decision-making.

Tools and sample documents

- Trustee skills audit template and board exercise: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/identify-the-skills-on-your-board>
- Reach Volunteering’s guidance on how to complete a skills audit, including a skills audit template, can be found here: <https://reachvolunteering.org.uk/guide/how-complete-skills-audit>
- Trustee recruitment for small organisations contains guidance on the recruitment process and contains a number of useful activities and sample documents: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/tools-and-guidance/trustee-recruitment-packs>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

7. Openness and accountability

Principle

The board leads the organisation in being transparent and accountable. The charity is open in its work, unless there is good reason for it not to be.

Key outcomes

- The organisations work and impact are appreciated by all its stakeholders.
- The board ensures that the charity's performance and interaction with its stakeholders is guided by the values, ethics and culture established by the board. Trustees make sure that the charity collaborates with stakeholders to promote ethical conduct.
- The charity takes seriously its responsibility for building public trust and confidence in its work.
- The charity is seen to have legitimacy in representing its beneficiaries and stakeholders.

What this might look like in practice

The charity complies with its legal obligations and governing document with regard to reporting and general meetings. It communicates openly about itself and its work. Trustees know who the charity's stakeholders are, and there are open communication channels with them. Beneficiary views are considered when the board makes decisions and when planning. There is a complaints procedure in place and the board makes sure that it learns from its mistakes.

Questions for discussion

1. Does your charity communicate openly about itself and its work?
2. Do you know who the charity's stakeholders are for example, users or beneficiaries, volunteers, donors, etc?
3. Do you communicate effectively with your stakeholders and are you responsive and accountable to them?

4. Do you have a complaints procedure and do you learn from your mistakes?
5. Does your charity comply with legal requirements and your governing document with respect to the production of annual reports and accounts and holding an annual general meeting?
6. Do all trustees take seriously their responsibility for building public trust and confidence in your charity's work?
7. Would you say your charity is clear as to who represents it externally and how?

Legal and regulatory context – Trustees are required to comply with any legal requirements to produce annual reports and accounts. Where required by an organisation's governing document the charity must hold an annual meeting for member of other stakeholders.

Further information and support

Guidance and information

- Information on stakeholder analysis can be found here: <https://knowhow.ncvo.org.uk/organisation/strategy/directionsetting/stakeholder>
- Charity Commission detailed guidance on the essentials of charity reporting and accounting (CC15d), which includes guidance on Companies House requirements if your charity is a company registered with Companies House, can be found here: <https://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d>
- For guidance on what to put in your trustees' annual report, including a number of sample documents, see here: <https://www.gov.uk/guidance/prepare-a-charity-trustees-annual-report>
- For Charity Commission guidance on how to report a serious incident in your charity, see here: <https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>
- For guidance on how to develop a communications strategy, see here: <https://knowhow.ncvo.org.uk/campaigns/communications/communications-strategy>

Tools and sample documents

- Sample complaints procedure: <https://www.valonline.org.uk/resources-policies-and-procedures/10-complaints>
- Conflicts of interest policy, declaration of interest form and register of interests: <https://knowhow.ncvo.org.uk/tools-resources/board-basics/model-documents-and-templates/conflicts-of-interest-procedure>

Governance improvement plan

Area for improvement	Action to be taken	By whom	By when

Section B: Support

National Council for Voluntary Organisations (NCVO) support:

NCVO has a suite of tools and resources designed to support effective governance.

- NCVO Knowhow provides knowledge and guidance relevant to trustees: knowhow.ncvo.org.uk
- Studyzone contains a range of useful online courses for trustees: <http://knowhow.ncvo.org.uk/studyzone>
- The NCVO website provides information on NCVO's governance support, training, publications and topical blogs: www.ncvo.org.uk

Other sources of support:

ACEVO

ACEVO is the Association of Chief Executives of Voluntary Organisations. They inspire and support civil society leaders by providing connections, advocacy and skills. If your organisation has a CEO, senior staff member or is considering hiring one then you may want to consider exploring ACEVO membership and resources.

<https://www.acevo.org.uk>

Association of Chairs

The Association of Chairs provides support to the chairs of charities and non-profit organisations. It provides practical guidance and governance support tailored to the needs of chairs, including a peer network, chair-focused seminars, speakers and briefings, a regular, practical e-newsletter and research, insight and analysis.

www.associationofchairs.org.uk

Charity Commission for England and Wales

The Charity Commission's website has a broad range of essential information and guidance for trustees. Guidance ranges from detailed guidance to more practical, 'how to' guidance. Sample documents can also be found on the Charity Commission website as well as a number of online services.

www.gov.uk/government/organisations/charity-commission

Directory of Social Change

The Directory of Social Change provides training courses, publications, research, conferences, a bookshop and a number of free online resources such as top tips and best-practice articles to support those working for charities.

www.dsc.org.uk

Foundation for Social Improvement

Specialist free and affordable training for small voluntary organisations

www.thefsi.org

ICSA: The Governance Institute

ICSA: The Governance Institute runs a number of courses suitable for trustees and has a range of publications and online resources to support them in their role.

www.icsa.org.uk/knowledge/charity-resources

Small Charities Coalition

The Small Charities Coalition supports organisations with an income of under £1m a year. Its website includes information on events, advice and guidance for the trustees of smaller charities.

www.smallcharities.org.uk

Wales Council for Voluntary Action (WCVA)

WCVA's website has advice and guidance for trustees and information on events.

www.wcva.org.uk

Wales CVC Network

<https://thirdsectorsupport.wales/>

Your local Council for Voluntary Service

<https://navca.org.uk/find-a-member-1>