

Charity Governance Code

In this short session we'll cover:

- A quick overview of the Charity Governance Code
- The recent review of the code
- Support with using the code

Quick questions!

- Have you heard of the Charity Governance Code?
- If you've heard of it, have you used it?
- Do you know who is behind the code?



GOVERNANCE: A DEFINITION

‘Charity Governance is the Board’s responsibilities in setting the strategic direction and culture of the charity and ensuring it is well led and managed to achieve its charitable objectives’

forum

Charity
Governance
Code

What is the Charity Governance Code?

- **Not a legal or regulatory requirement** – but is recognised by the Charity Commission as best practice for good governance
- **A practical tool** to help trustees develop and achieve high standards of governance
- **It provides guidance** to help ensure your charity is governed effectively and in compliance with your governing document

Who is the Code for?

- For **charities and their Trustees** to develop high standard of governance
- **Not a charity?** Much of it will also apply to other not-for-profit organisations that deliver a public or community benefit and those with a social purpose
- The code assumes Trustees have seen, read and understood:
 - a) their charities **constitution** / governing document
 - b) **The Essential Trustee (CC3)**

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Who is behind the Charity Governance Code?



The Charity Governance Code Steering Group is a **cross-sector collaboration** with an independent chair, Radojka Miljevic. The group's purpose is to review, develop, promote and maintain the Code for the sector.

The Charity Commission is an observer of the group.



CHARITY COMMISSION
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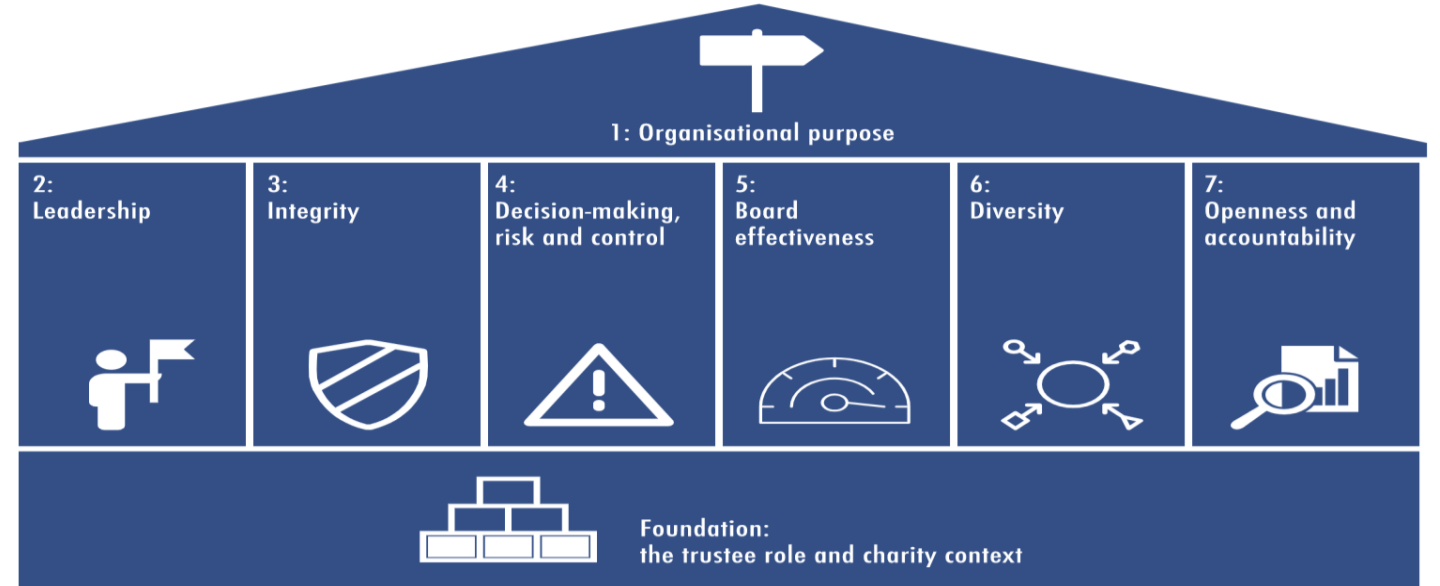
acevo
imagine, inspire, improve



Using the Code



- **Two versions – one for small, one for large charities** (large defined as typical income over £1million)
- Both versions set out the code along **7 principles** (drawing on but different to the Charity Commission's guidance)
- There is a **Diagnostic toolkit** that can be used by Boards to evaluate their own charity's governance – can be used as part of your reviewing schedule for your Board
- Principle of 'Apply or Explain'



Using the Code



For each principle the diagnostic toolkit sets out:

- The principle
- The rationale
- Key outcomes
- Recommended practice

Alongside the recommended practice is space to:

- a) Give evidence of application/explanation
- b) Areas for improvement/implementation



Using the Code

Organisational Purpose: Key Outcomes	Recommended Practice: example
<p>1.1 The board has a shared understanding of and commitment to the charity's purposes and can articulate these clearly.</p> <p>1.2 The board can demonstrate that the charity is effective in achieving its charitable purposes and agreed outcomes.</p>	<p><u>1.3 Determining organisational purpose</u></p> <p>1.3.1 The board periodically reviews the organisation's charitable purposes, and the external environment in which it works, to make sure that the charity, and its purposes, stay relevant and valid.</p> <p>1.3.2 The board leads the development of, and agrees, a strategy or plan that aims to achieve the organisation's charitable purposes and is clear about the desired outputs, outcomes and impacts.</p>



Why is good governance relevant to funding?

- Good governance is fundamental to a **charity's success**
- Helps the charity **attract resources** including funding. Can also attract the right people/Trustees with the right skills and leadership etc
- Gives **assurance** to funders and stakeholders
- Supports the **sustainability** of the charity
- Charities that adopt the **Charity Governance Code** are encouraged to publish a brief statement in their annual report (TAR) explaining their use of the code. Can be useful for funders and stakeholders.



Updating the Code: the story so far



- Consultation carried out this year
- **500 responses** – 400 who already use it – 95% of whom satisfied with it
- New code to be published **next year**

KEY TAKEAWAYS:

- ✓ Will remain **free**
- ✓ Need to strengthen **status and profile** of the code in the sector
- ✓ **Challenges identified** for charities included: financial resilience, risk management, boardroom behaviours, trustee succession planning, cyber-risk, polarising debates about social issues
- ✓ Respondents found equality, diversity and inclusion (**EDI**) principle most challenging
- ✓ **More resources, tools and guidance** will be included to help implement recommendations.



Andrew Purkis, a former Charity Commission trustee:

“Very many of the internal difficulties in which charities find themselves turn out to be down to poor governance, and the code is an excellent, user-friendly checklist for boards to help them be the best trustees they can.” (Civil Society Media 4/10/24)

Where to get support



Take advantage today! Book a FREE governance review with a member of the **Sector Support team** who will use The Charity Governance Code to help identify any gaps and to support your organisation to have the highest standards when it comes to governance.

For more information. Email: hannah@forumcio.org.uk
jennifer@forumcio.org.uk

Sector Support
North East Lincolnshire
Partnership

Go to the Charity Governance Code website to see the code and download the toolkit.

<https://www.charitygovernancecode.org/en>

Charity Commission for England and Wales – 5minute guides/ good governance guides

https://beingacharitytrustee.campaign.gov.uk/?utm_source=search&utm_medium=ppc&utm_campaign=5minguides&utm_id=sep24&gad_source=1&gclid=Cj0KCQjw99e4BhDiARIsAISE7P-slTbL66Z8nM6MVmLb_AkU5JEZo270VVzU17Lhm3EARRd963r52ZcaAgR-EALw_wcB

Charity Commission – The Essential Trustee <https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3/the-essential-trustee-what-you-need-to-know-what-you-need-to-do>

Where to get support: online resources

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Getting OnBoard <https://www.gettingonboard.org/further-reading-charitable-bodies>

https://www.youtube.com/channel/UCROAkYFnf2Hunpcg_Af_w5Q



Giving is Great – ratings for most impactful charities
<https://givingisgreat.org/charity-factsheet/?regNo=1146255>



Charity Excellence website – free resources
<https://www.charityexcellence.co.uk/>



Directory of Social Change - 'The Governance App from Directory of Social Change (DSC) is a free and easy way for your Board of trustees to review and improve their governance, together.' <https://worldpay.dsc.org.uk/governance-app/>

