CVSR

Governance E Bulletin

The Governance Code

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Introduction

The Good Governance Code was developed by a steering committee of national infrastructure organisations including the National Council for Voluntary Organisations and is endorsed by the Charity Commission.

Although the second edition has been around since 2010, it is worth revisiting it and seeing how it applies to your organisation. This e-bulletin gives a brief summary of the code, if you require further information please contact Tariq Khandoker at CVS Rochdale on Tel. 01706 354170 or email: t.khandoker@cvsr.org.uk

What is Governance?

All voluntary, community and "not for profit" organisations need to keep the show on the road: keep up to date with current legislation and good practice, make their budgets balance; plan ahead; show leadership. This role – of **governance** –is key to running an organisation and delivering services well.

Governance has been defined as "the process by which a governing body ensures that an organisation is effectively and properly run… Governance is not necessarily about doing; it is about ensuring things are done" *(Sandy Adirondack- NCVO Good Trustee Guide)*

A Summary of the Code

The second edition of the "Good Governance Guide" consists of six principles. 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 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.

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.

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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:

Members of the board will
• 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

• 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.

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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.

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Direction of the Organisation

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Ok so you're a trustee (or committee member or director) of an organisation and you're supposed to provide direction, help the organisation climb the ladder of success. How do you do that?

A starting point is to look at your aims and objectives and your mission statement.

Aims & Objects

What are your aims and objects ?

Objects are statements about the purpose of the organisation. They are similar to your mission, but will give more detail. The objects should be written intentionally broad and general to make sure that you will be able to do everything that you want to, now and in the future. Examples of Objects for a community association might be:

> "To provide recreational opportunities to the community of XXXX in order to reduce isolation."
>
> To provide educational opportunities to enhance employment and reduce poverty and deprivation."
>
> "To help people work together to achieve a pleasant and safe environment for the whole community.

These objects are broad enough to allow the organisation to do all sorts of activities such as community fun days, computer classes, a parent and toddler group, a youth club or a lunch club for older people.

Every organisation needs to define its purpose, philosophy, and values. The mission statement answers the basic question of why the organisation exists, and describes the needs the organization was created to fill. Without the guidance of a mission statement it is difficult to establish priorities and helps you to keep on track.

What's the difference between values and a mission?

Values are the beliefs that your organisation has about the way it should work. For example, a community association might have values such as:

- To treat everyone in the community as equals
- To recognise the potential in everyone
- To recognise that everyone in the community has a contribution to make

Definition of a Mission: Your Mission is an overall statement of what you want your organisation to achieve. Put more succulently it states "Who you are and what you do"

For example, the mission of a Parent and Toddler group might be:

> *'To provide a safe space for parents and young children to meet, play and support one another in the XXXX area.'*

Do you know what the organisations values and mission are?

Could you describe them in your own words? In order to promote the values and mission, you need to understand what they are and how they translate into the practical things your organisation does. When making decisions about the direction your organisation is going, the committee needs to ensure that they fit with the values and mission.

Do your users know what your values and mission are?

Your values and mission should be in plain language and understandable to your users. Some organisations display their values and mission on the wall of their building to make sure that users know what the organisation is trying to achieve and how they are going to do it.