

# Charity Code of Governance

The Charity Governance Code was finalised in July 2017. The Code is not a legal or regulatory requirement but provides guidance on setting principles and recommended practice for good governance.

The Code is intended to be a continuous tool for development and applicable to all charities, even though governance practice may differ significantly depending on the size, income, complexity and activities of the charity.

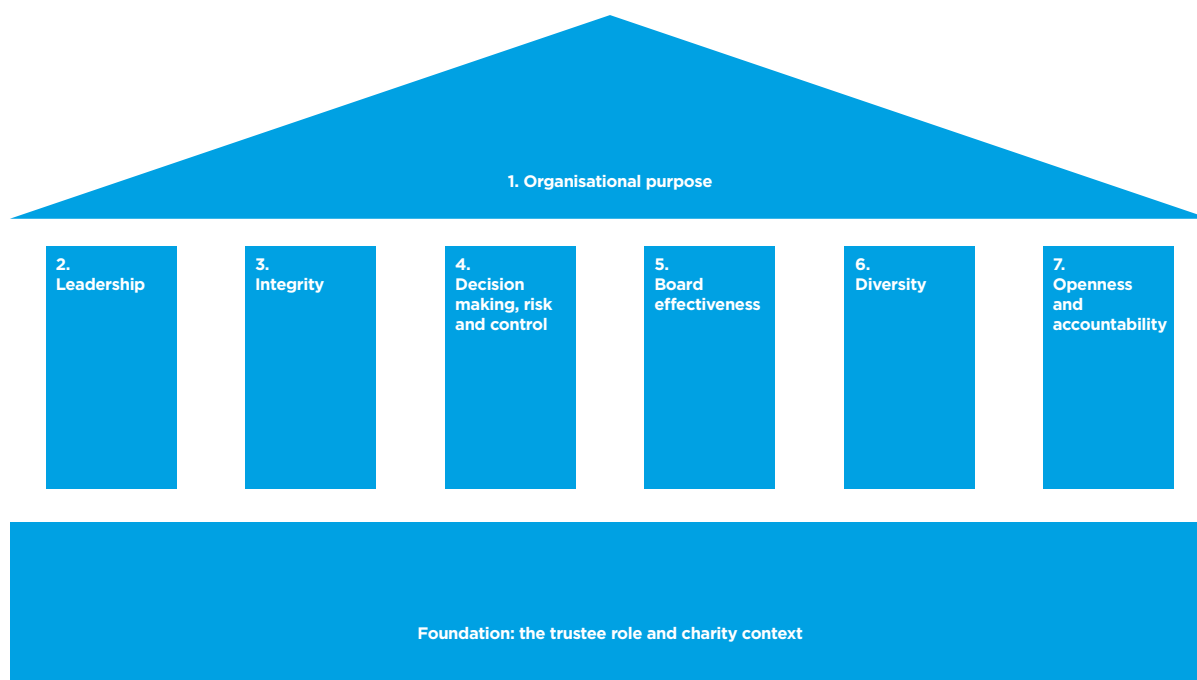
It is recommended that Charities applying the code

include a brief statement in their annual report with an 'apply or explain' approach.

The Charity Governance Code Steering Group has published two versions for larger and smaller charities. It is expected that Charities with a typical annual income of over £1m and externally audited accounts will use the larger version of the code.

We recommend that all Charities review the code and benchmark their own organisations against the seven fundamental principles.

## The seven fundamental principles forming the code:



## 1. Organisational Purpose

The board should evaluate the charity's impact by measuring and assessing results, outputs and outcomes. The board should regularly review the external environment when planning for sustainability and its broader responsibilities towards communities, stakeholders, and the wider society.

## 2. Leadership

There should be a focus on how the Board demonstrates leadership. The Board should provide oversight and direction to the charity and provides support and constructive challenge to the organisation and where they exist staff and volunteers. All trustees should give sufficient time to carry out their responsibilities effectively.

## 3. Integrity

Trustees should safeguard and promote the charity's reputation and by extension, promote public confidence in the wider sector. The Board ensures that the charity follows law and also understands how real and perceived conflicts of interests can affect a charity's performance and reputation.

## 4. Decision making, risk and control

The Board should promote a culture of sound management of resources but also understand that being over-cautious and risk adverse can itself be a risk and hinder innovation. The Board should focus on delegation with responsibility and oversight.

## 5. Board effectiveness

The Board should work as an effective team and should regularly consider the skills, knowledge and experience it needs to govern, lead and deliver the charity's purposes effectively. For larger charities an external Board review should be carried out every three years.

## 6. Diversity

It is encouraged that there is inclusive and accessible participation by the Board. The Board should make a positive effort to remove, reduce or prevent obstacles to people being Trustees. The Board is more effective if it includes a variety of perspectives, experience and skills.

## 7. Openness and accountability

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.



**For further advice, information or to feedback please do not hesitate to contact Jayne Rowe on 01223728222 or email [jrowe@pem.co.uk](mailto:jrowe@pem.co.uk)**

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