Chartered Governance Institute UK & Ireland

Chartered Governance Institute

Governance Toolkit for
medium-sized charities

Contents

Foreword

Welcome to our Charity Governance Toolkit for medium-sized charities.

This Toolkit is based on the principles of the Charity Governance Code. The Code is created by the sector, for the sector. It aims to support charities to develop their governance practices. There are no mandatory elements to the Code – it is applied on a purely voluntary basis. The Chartered Governance Institute UK & Ireland (the Institute) is a member of the steering group which is responsible for developing and maintaining the Code.

This Toolkit aims to make good governance more accessible. It provides you with:

• An explanation of the terms that the Code uses

• A deep dive into the purpose of each of the principles of the Code

• Practical steps to take and a tool to use for each of the Code's principles, which will save you time when developing your charity's governance practices and documentation

• A summary of the recommended policies for your charity to have in place

• Signposting to further helpful resources which are available through the Institute

Medium-sized charities will vary in their scale but generally will have paid staff who run the charity, whilst a board of trustees provide strategic oversight. This Toolkit will be useful to:

• Trustees, whether individually or collectively as a board

• Senior leaders working within charities

• Governance leads, whether a trustee or an executive leader

• Governance professionals. This might be someone who is employed full-time by the charity specifically to manage its governance day-to-day, or a contractor, or someone for whom governance is a part but not the whole of their role.

The Toolkit is designed to familiarise you with the key terms used in charity governance, particularly for those who do not have a professional background in governance. It also shares areas of good practice that you may wish to develop within your charity. It could be valuable to include as part of induction for team members and trustees.

It is often the case that stretched time and resources within charities can make it difficult to justify spending time or money on managing governance. However, we know that doing so can help your charity run more effectively and strategically. Good governance is the key to good decision making. Good decision making is the key to fulfilling your charity's purposes and to having the biggest possible impact.

The guidance here does not summarise or explain how to meet all the requirements of charity law, or all of the Charity Commission's guidance, but it does cover a range of practices which will allow you to develop and embed good governance.

This Toolkit is just one of the ways that the Institute works to support your charity on its governance journey. We also offer events, training, thought leadership and a suite of technical guidance to provide your board with the governance knowledge and skills you need to unlock your charity's impact.

Acknowledgements

This Toolkit has been developed by the
Chartered Governance Institute, in partnership with Lead To.

Lead To

About CGI

The Chartered Governance Institute (the Institute) is the professional body for governance and the qualifying and membership body for governance professionals across all sectors. Its purpose under Royal Charter is to lead 'effective governance and efficient administration of commerce, industry, and public affairs', working with regulators and policymakers to champion high standards of governance and providing qualifications, training, and guidance. As a lifelong learning partner, the Institute helps governance professionals to achieve their professional goals, providing recognition, community, and the voice of its membership.

One of nine divisions of the global CGI, which was established 130 years ago, the Institute represents members working and studying in the UK and Ireland and many other countries and regions including the Caribbean, parts of Africa and the Middle East.

The Institute is a member of the steering group which is responsible for developing and maintaining the Charity Governance Code. The steering group has an independent Chair and is made up representatives of umbrella bodies working to promote good governance in the charity sector. The other steering group members are ACEVO, AoC, NCVO and WCVA.

About Lead To

Lead To is a governance and leadership delivery, advisory and training practice, supporting boards and executive leaders across the social sector in the UK and beyond. We help to strengthen the oversight and leadership of organisations working to create positive social impact, in order to **lead to** better outcomes for the organisations we work with, and those that they serve.

We know that the requirements placed on non-profit boards are ever-increasing, and the responsibility that our leaders take on to meet the expectations of their teams, stakeholders and beneficiaries are only growing. Our team have lived and breathed senior executive and non-executive roles in the non-profit sector. We draw on this experience to offer wraparound support to charities and public sector organisations – from governance meeting delivery and consultancy support, to bespoke training, and external reviews of governance.

How to use this Toolkit alongside the Charity Governance Code

We have developed this Toolkit to align with the structure of the Charity Governance Code.

The Charity Governance Code sets out universal principles of governance for charities to consider adopting to achieve their goals. It aims to *'help shape a common view of what good looks like'.*

The Code encompasses eight principles and for each of these it provides a summary of: behaviours; policy, processes and practice; and suggested evidence and assurance to have in place.

The eight principles are:

Principle 1. Foundation principle

Principle 2. Organisational purpose

Principle 3. Leadership

Principle 4. Ethics and culture

Principle 5. Decision making

Principle 6. Managing resources and risks

Principle 7. Equity, diversity and inclusion

Principle 8. Board effectiveness

For each of the principles of the Code, in this Toolkit, we offer:

• A summary of the principle in the Code

• Guidance on steps that you can take, to support the implementation of the Code in your medium-sized charity

• Tools to provide a practical resource that you can use in your charity. These tools are straightforward to use and will save you time in developing your documentation

• Some recommended policies that you might wish to have in place to support your work. This is not an exhaustive list, as each charity's context is different, and the level of detail needed for areas such as safeguarding or data protection will also differ. Policies do not always need to be long and complicated documents – but they should reference relevant guidance and clearly explain how your charity meets these expectations, alongside signposting to procedural documents.

The Toolkit also points you towards further reading and resources that are available through the Institute and provides a glossary of key terms at the end, which may be particularly beneficial for those new to governance and is a useful tool for trustee induction.

This Toolkit is primarily for charities that are already set up and running – but we know that some readers might be at the stage of considering setting up a charity. Within the section on the foundation principle of good governance, we also include information that will be useful if you are at the early stages of thinking about this.

Principle 1:
Foundation: The trustee role and charity context

A summary of principle 1: Why is it important to have a foundation of good governance within your charity?

Volunteers who commit their time to charitable causes are focused on making a positive difference to their communities and beyond. We know that this is often where the initial motivation to set up, or become involved with, a charity comes from – rather than from a deep desire to read governance guidance!

However, when using funds donated by individuals or organisations, or that are received through a contract, it is vital that those involved in a charity know what needs to be in place to make sure the work being done is safe, legal and effective.

The Charity Governance Code states that you will know this principle is in place when:

1. *Trustees understand their role and are committed to doing a good job, ensuring continuous learning and sufficient time for their responsibilities.*

2. *Trustees have a good understanding of the charity's governing document, purposes and how the charity delivers public benefit.*

3. *Trustees have an up-to-date understanding of how charity law and wider regulation relate to their charity's work.*

4. *Trustees uphold and promote standards of good governance, and work to ensure that the role of the board is understood and valued throughout the charity.*

5. *Trustees identify and manage conflicts of interest, making sure the charity and its aims are put first in decision making.*

How do you know if you have a foundation for good governance in place?

Tools that may be helpful to make sure your charity and its trustees have a strong foundation for good governance include:

• A careful and inclusive recruitment process - getting to know people who want to be trustees and understanding their motivations will help you understand what skills and experience they can bring to advance the charity's cause. Further guidance from the Institute is available here.

• Having a clear code of conduct and conflict of interest policy which are developed and owned by trustees and then signed every year will make sure that the concept of public benefit and an understanding of what the role involves is at the forefront of everyone's minds.

• Developing an induction pack for new trustees so that they can see what they are committing to and what is expected of them, which should include a copy of, or link to the charity's constitution. Even if this feels quite formal, it is important that trustees know what's in the constitution, as the board is legally accountable for the charity's activities.

• Making sure trustees receive updates on charity governance more generally so they understand the core purpose of their role and how it might be changing. For example, the Charity Commission has a bulletin and the Institute produces a magazine and regular podcasts.

A tool for your toolkit: setting up your charity

Are you clear about the vision, mission and values of your charity?
It's important that everyone involved in running a charity is clear on what the charity's vision, mission and values are. This is especially important for trustees, and it can be helpful to set aside some time to think in-depth about your charity's purpose. There are several key points to consider below.

This will be particularly helpful if your charity is reaching an important stage in its development, or a key point in its lifecycle. For example, these might include: submitting funding bids, appointing new staff, partnering with different organisations, or undertaking an impact assessment.

Key areas to consider	Key questions	Link to governance

The vision, purpose and strategy of the charity	• What is the purpose of your charity?
	• What is the short, medium and long-term vision for the organisation?
	• What priorities and areas of focus does the charity have?
		• The answers to these questions should be used to inform:
		  – A short-term, medium-term and longer-term plan for the charity
		  – The skill sets needed for trustees
		  – How the public view you – the clearer the charitable purpose, the more likely the public are likely to trust your charity

The charitable environment	• What other charities are doing this work? • Can you work with another charity that is already set up to achieve your purpose? • Are there other ways you can and should do this work, e.g. partnering with other organisations, setting up a social enterprise?	• The answers to these questions should be used to: • Come to an informed decision about what is needed and what the best structure for this is • Build partnerships with others that may be helpful in meeting your charitable purpose • In some cases – decide to merge with another charity
The charity's plan and funding streams	• What are the organisation's main funding streams? • How many donors and what forms of donor (corporate, trust etc.) does your charity have? • What is the likely turnover of the organisation over the next few years?	The answers to these questions should be used to inform: • The fundraising plan or strategy • The independent financial review/ external audit requirements
The timetable for establishing the new organisation	• Is there any expectation from people such as possible funders around timeframes for setting up the organisation?	The answers to these questions should be used to inform: • The timetable for putting the set-up process in motion, taking into account Charity Commission timelines for registration

A review of charity structures

There are several different legal structures that a charity can take. Sometimes, there may be points in a charity's development when it might be useful to convert to a different legal structure. You will want to think carefully about making sure you are adopting the right structure for your work. Provided below is a summary of some advantages and disadvantages to consider about the structures available.

Structure	Main Advantages	Main Disadvantages
Charitable Incorporated Organisation (CIO) A foundation CIO has only trustees as its members An association CIO has a wider membership and voting members other than trustees	• There are fewer reporting requirements than for a charitable company, as under this structure there is no Companies House registration. • Trustees have limited or no liability for a CIO's debts or liabilities. • Public trust is likely to be greater in a charity, especially when the purpose is clearly defined. • This structure enables access to funding only available to charities. • There are some tax breaks available to a CIO.	• The legal entity ceases to exist if it loses charity registration. • Registration with the Charity Commission can be a lengthy process taking at least three months. • Charities must follow charity law including some reporting requirements. • There are restrictions on certain activities, e.g. political campaigning.
Charitable trust – a group of individuals (trustees) come together to manage assets	• A charitable trust will have a clear structure for a specific purpose. • There will be fewer reporting requirements than a charitable company, because a trust is not registered at Companies House.	• Once created it is generally irrevocable and unable to be changed.
Company Limited by Guarantee that is non-profit	• This is a widely recognised structure and is simple to set up and govern. • Trustees have limited or no liability for a charitable company's debts or liabilities.	• There are fewer opportunities to access charitable grants, if the CLG is not also registered as a charity (see next option).
Company Limited by Guarantee (CLG) that is also registered as a charity	• A non-profit CLG can also be registered as a charity – this is called 'dual registration'. • This structure opens up the opportunity to access charitable grants, and also some forms of tax relief. • As with a non-profit CLG, trustees have limited or no liability for a charitable company's debts or liabilities.	• For a 'dual-registered' charity, there are more reporting requirements than a CIO , because the organisation is registered at both Companies House, and the Charity Commission.
Community Interest Company (CIC)	• This structure allows director payments provided that certain requirements are met. There can be a flexible structure with a potentially smaller leadership team in place and it can be set up quickly. • A CIC can potentially access some philanthropic grants and social financing that is typically unavailable to a company limited by shares. • A CIC has the potential to be converted to a charity if certain requirements are met.	• CICs are regulated by both Companies House and the CIC Regulator. • While it is possible to access some philanthropic grants, in practice this tends to be limited. There is no access to gift aid or other tax relief. • Perceptions can sometimes be that a CIC has a less clear commitment to social aims.
Unincorporated charitable association – has a wider membership Unincorporated charitable trust – just has trustees	• Unincorporated associations come together via an agreement between a group of people to do something other than make a profit. They have similar benefits to CIOs but are not registered with the Charity Commission and have fewer reporting requirements. They are a simple way for a group of volunteers to run a charity for a common purpose.	• There are limitations that mean an unincorporated association or trust cannot employ staff or own premises. • An unincorporated charitable association or trust has no 'personality' independent of its trustees and so trustees bear greater liability for any debts. • Most must be registered with the Charity Commission if the annual income rises to over £5,000.

Recommended policies – start with a policy framework

One aspect of the foundation for good governance which requires careful thought is the set of policies needed to run your charity effectively. Some policies may be legally required, and others are good practice or useful to have. It is useful to develop a policy table (sometimes known as a policy framework) which details the following:

• Policy name
• Author
• Approver
• When approved
• How often it should be reviewed
• When the next date of review is

With a policy framework in place which you can review annually as a board, you will know what policies need updating and when. There is more information on what policies your charity needs in section 4.

Further reading and resources

Governing documents for charities (England & Wales) (cgi.org.uk)

Amending charity governing documents (England & Wales) (cgi.org.uk)

Governance and management – an overview for charities (cgi.org.uk)

Thinking about a charity merger? (cgi.org.uk)

Charity mergers: finding the right match (cgi.org.uk)

Principle 2:
Organisational purpose
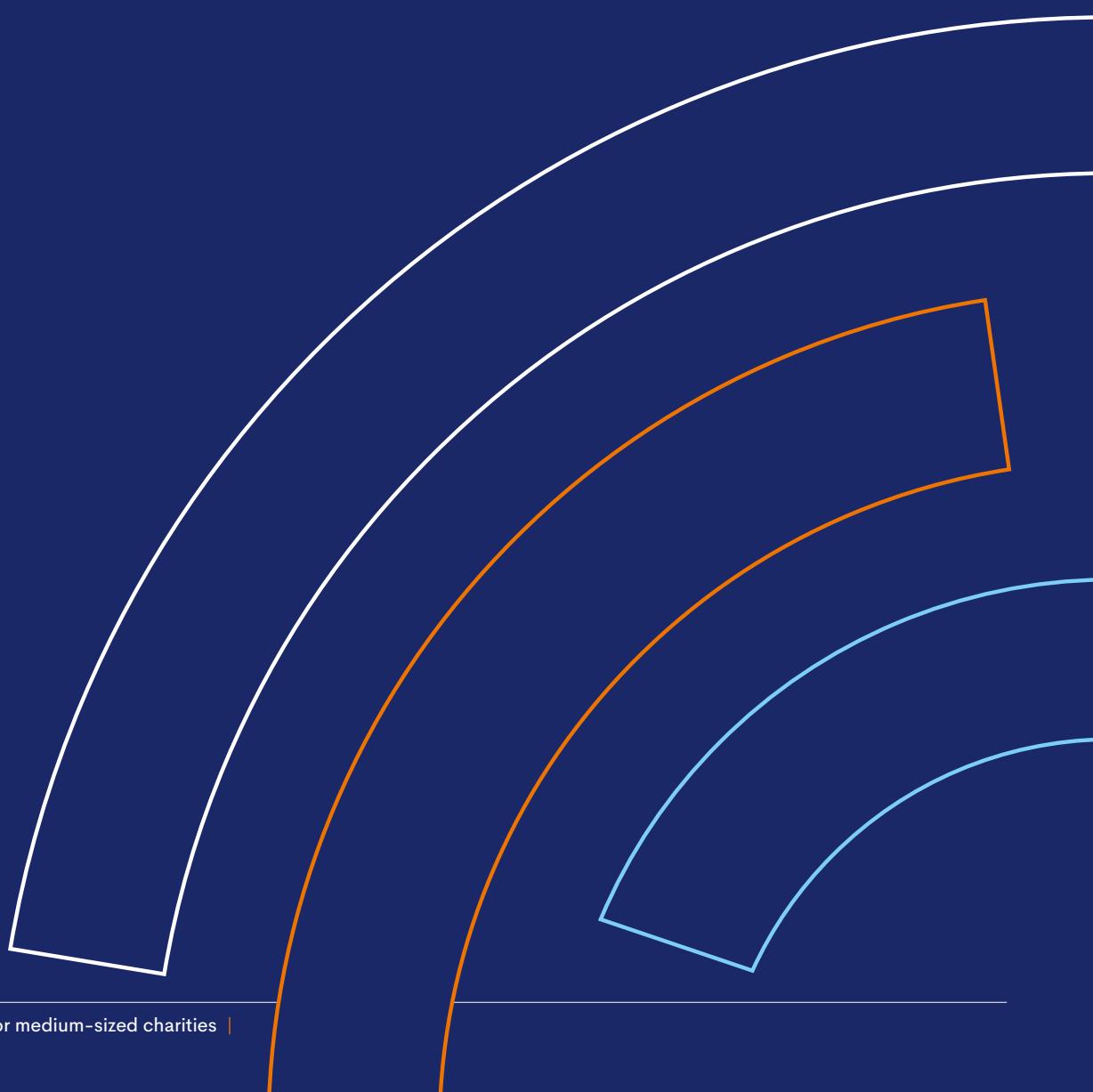
A summary of principle 2: To have **organisational purpose** means that the board must be responsible for the charity's aims and make sure the charity is delivering them effectively.

In practice, this means that all trustees and those who work for the charity need to:

- Understand and commit to the charity's purposes and regularly review their relevance

- Have an agreed plan about how these purposes will be achieved and understand how this is being done through the charity's work

- Regularly review the purposes and the ways in which the work is being delivered

- Make sure that the charity is making best use of the available resources and always thinking about how best to do the work – for some charities, and in certain contexts, this may mean doing it in partnership with another organisation, merging with another, or even closing down.

The Charity Governance Code states you'll know it's working when:

1. *The board prioritises the people and causes served by the charity.*

2. *The board works collaboratively to develop a long-term vision for the organisation.*

3. *The board has set shorter-term aims for the organisation and agreed how they will be achieved.*

4. *There is a measurable impact over time of the difference the organisation makes and how it provides public benefit.*

5. *The board adapts the approach of the charity to reflect changes in the operating environment*

How can you know you're putting this principle into practice in your charity?

It is important for trustees of any charity to have a shared understanding of the aims of the charity, what they are planning to do, how they will get the funding to do the work, and how they will know that the work is being done well.

To do this, organisations will follow good practice by developing a strategy, and then refreshing it periodically. This is a shared document which is developed and agreed by trustees and those leading the work on a day-to-day basis in the charity, and which can be used to review progress when trustees meet. Below, we have developed a tool that should help you do this.

As well as a strategy, it is also important to ensure that, as trustees, executive leaders, and colleagues leading on governance:

- You understand what your charity's purpose is and that you keep checking with your stakeholders that the purpose is being achieved. You can do this by talking to those who have benefitted from the charity, carrying out a survey across users, talking to staff, and making sure you are aware of the broader picture related to your work. Ask: who else is out there and what are they doing in this space?

- You have, the relevant information about budgets and operations to be able to guide your decision making

and shape your strategy. It is also crucial that you make sure that you are not wasting public funds and that what you are doing with the charity's money is benefitting your community. You should agree a budget before the beginning of your financial year and then create or receive regular reports on progress against this budget, as well as consider long-term plans for the charity's finances and for fundraising.

- You regularly check whether what you are proposing to do is in line with what the purpose of your charity is. It is helpful to remind yourselves of what your official stated purpose is from time to time to make sure it's relevant and that your work relates to this purpose.

How do I approach strategy development?
This section helps you think about what is needed to develop, or refresh, your strategy and to make sure you are using it to guide your meetings and work as a board. To plan what is needed it may be helpful to set up a working group of a few trustees and senior leaders and the team member who leads on governance, who can manage the timetable and tasks that need to be done in between meetings.

This task can sometimes feel a bit daunting if your charity is developing or reviewing and refreshing a strategy for the first time. A good way to start is to think practically about when you want to finalise your strategy document

(whether this is your first time in developing, or you are moving into a new strategic planning phase) and then work backwards by planning a timeline. Strategy development can involve consultation with stakeholders, so remember to allow time for this and for revisiting your strategy based on feedback.

Involving people in the development of the strategy can be as important as the actual finalisation of the strategy. Trustees and leaders will want to be involved throughout, but there may be others who you want to get involved to help you consider what your priorities should be.

Developing or refreshing your strategy is an opportunity for everyone involved to step back and look at the bigger picture of the organisation and understand how they fit into this. Once you have established a timeline, work out who you need talk to and bring them together to develop some shared language and ideas, perhaps with a community meeting or some small group discussions. Although language is important, try to avoid people getting too embroiled in the fine detail of the wording of the strategy. Focus the sessions instead on the wider themes and strategic aims.

Strategies are usually 3-to-5-year plans, so they will need reviewing. Reviewing and updating your strategy is an opportunity to renew enthusiasm and motivation and to remind volunteers, staff, and users that they are an intrinsic part of the organisation. If this is not your first strategy, it also provides an opportunity to consider how the environment that your charity is operating in has changed.

When developing your strategy, be sure to also revisit and review your purpose, mission, vision, and values. If you have a strong mission that has been at the core of your organisation for a long time, use this as the starting point for your strategy development conversations.

This review could be completed as part of a workshop where you individually and collectively think about the current strengths and weaknesses in your work and what opportunities you can see on the horizon.

Consider how ambitious you should be in your strategy development: the purpose of a strategy is to drive an organisation forward. Sometimes it is worth being deliberately ambitious and aspirational to generate motivation and excitement in your charity about the future. This may also encompass ambitions to grow your turnover. Although you may not hit all your targets, you may make more progress than you would have if you were over-cautious. If you follow this approach, make sure everyone on the board understands this from the beginning.

See our section on additional resources for more tips and ideas on principle 1.

A tool for your toolkit: Setting your strategy

How can I engage trustees in setting our charity's strategy?
Feedback from stakeholders can be used by the board to develop your strategy. Below are some practical areas to consider and questions to guide you in planning the detail. What you do and how you do it will depend on several factors including how much resource and time you have to develop the strategy, what you have in place already, and how many different objectives and strands of work your charity has. It will also depend on your capacity and resources as a medium-sized charity, and the time available to dedicate to this exercise.

Key areas to consider	Strategy planning questions
Communications: As public benefit is at the core of any charity's purpose, making sure that communities and users have a say about, and can understand, the charity's strategy is vital.	• Who will you involve in the 'blue sky' thinking about the strategy, and how? Are you involving, for example: your beneficiaries; other community groups; local institutions; your staff and volunteers. How will you keep them updated? • Who do you need to talk to first? • What level of detail will your strategy include? What do you as a board envisage it will look like? • Will there be more than one version for different audiences? E.g. if you are a children's charity – should you develop a child-friendly one-page strategy?
Finance and resources: Whilst a strategy should be ambitious and aspirational, it should be grounded in reality. The financial context is a key part of this.	• What finance and resources will each strategy strand need to be successfully delivered? • How secure are the resources and over how long? • If there are new strands, where might the funding come from? • Are there any aims that cannot be achieved without specific resources? Can existing delivery be reshaped to meet priorities better? • Can any strands be delivered in different ways, e.g. partnership with other organisations, or are they already being delivered by others?
Risk management: Anticipating risks is crucial when developing a strategy – risks do not have to prevent you moving forward, but they must be carefully considered (see more in our section on principle 6).	• Have you considered the barriers to successfully achieving your strategic aims? These barriers might be financial, they might relate to people capacity within the charity, they might be compliance or safeguarding related, or they might relate to the political or social context for your charity. • Have you thought about and written down how you might manage these risks? Risks do not need to be a reason not to go ahead if you are able to manage them.
People: People, including volunteers and paid staff, are the lynchpin of charities, so the development of a strategy must consider their needs.	• Will there be any implications for your workforce that you need to consider? Will there be a change to people's roles/ways of working that need to be carefully managed? • Have you involved everyone in some way in your strategy development so that they feel they have been heard? • If there are significant changes to how you plan to work, how will this be communicated and rolled out? • If part of your strategy is about growth, how will you ensure that this is sustainable, workload is managed, and any new volunteers or staff are embedded successfully into your team?
Environment and sustainability: All charities should be thinking about their environmental impact. This can feel overwhelming, but it is important to have the conversations – trustees and stakeholders will have ideas that have not been thought about and can form an important part of the strategy.	• Are there any environmental impacts that need to be considered? Should your activities adapt or change to take these into account? • How might you reduce the amount of carbon that the charity produces (whether directly or indirectly e.g. through electricity use) and ensure that your organisation is being as environmentally friendly as possible?
Monitoring progress: As part of strategy development, it is important to think about how you will know your strategy is successful. This means the outputs and outcomes of your charity's work need to be monitored and reported on.	• What milestones and tangible objectives can you include that you can measure progress against? • Alongside your strategy, will you need to develop an operating plan, so everyone understands how the strategy applies to their work on a day-to-day basis? • As trustees, what sort of report do you want to see to help you measure progress at your meetings? Who could be responsible for creating this report?
Governance: The development of a strategy might have implications for governance of the charity and how it is led. Anticipating any changes that might be needed will stand you in good stead.	• Do you need to update your terms of reference or delegations framework to reflect a different focus now that the strategy has been renewed? • Do you need to recruit any additional trustees as a result of your strategy who may bring specialist expertise? • How will you effectively monitor and report on your strategy (see table below for more help on this)?
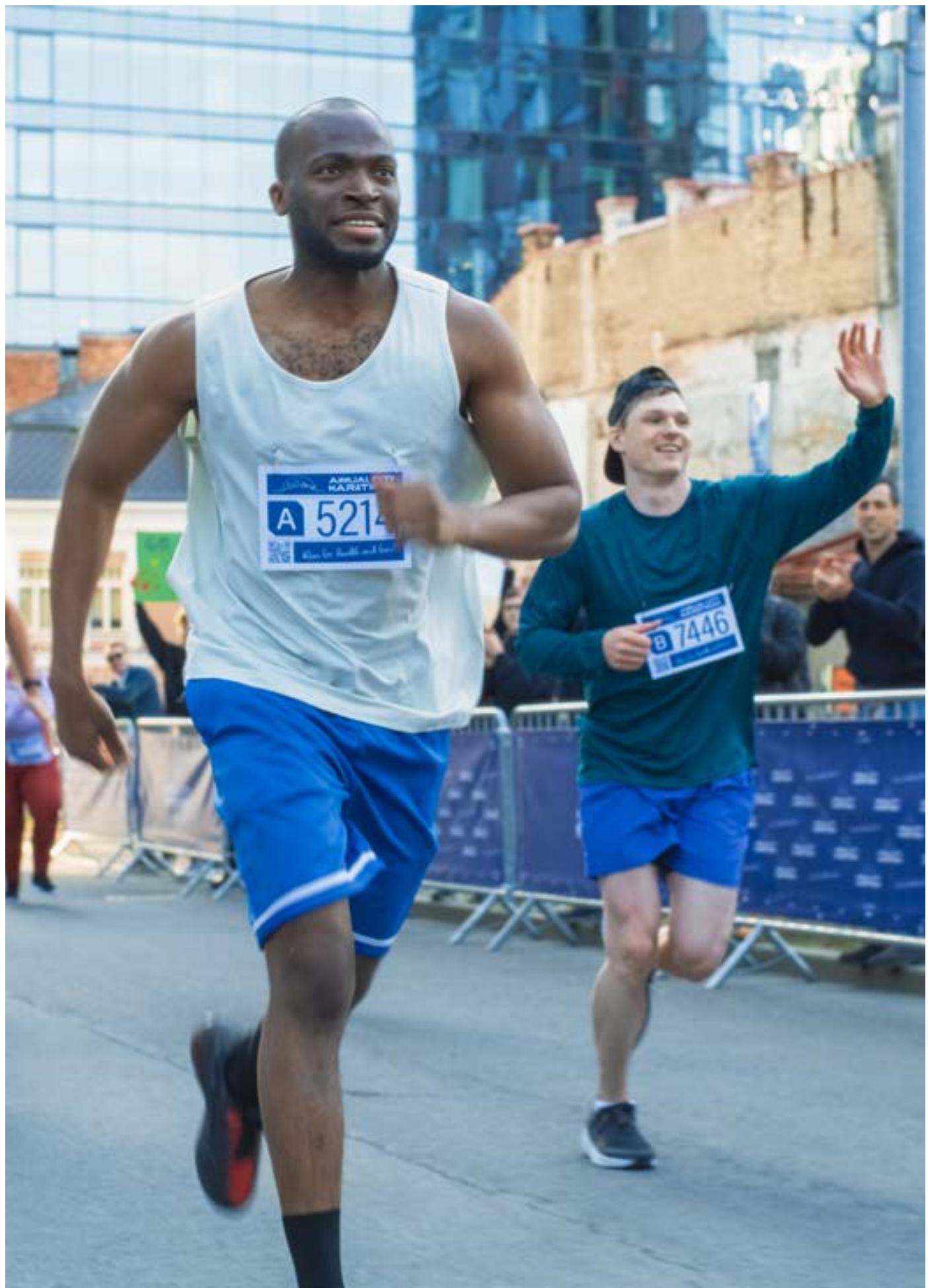
How can I effectively monitor and report on my strategy?
How you monitor and report on your strategy will vary depending on your charity's context.
Below we have given you some ideas to think about.

Operational monitoring	• On a day-to-day basis, it is important to monitor what is being done, and by who, to deliver on the charity's strategy. This means the board can keep track of progress and how individuals are contributing to the delivery. • For paid staff or volunteers, you will want to think about how your strategy is reflected in their work plans so they recognise how they can make a positive difference.
Trustee reports	• Whilst an operating plan might track the detail of delivery, as trustees you should review 3 to 5 strategic objectives on which progress updates can be shared at every meeting. It might also be helpful to have an agenda item which includes a deeper focus on each area in turn at meetings throughout the year.
Surveys	• You should consider ways in which you can get feedback from volunteers and staff about how well the strategy is understood, how they feel they contribute to it and how valuable they feel it is to the organisation. You may also want to carry out surveys of users of your charity's services to see how the strategy impacts on their experience.
Evaluation	• Once you have finalised your strategy, it is important to review how well the strategy development went and lessons that can be learnt for the review of the strategy in a few years' time. It can be easy to forget to do this when you are celebrating with relief the fact that your strategy is in place! You should also consider reviewing your operating plan process annually to make sure the support structures you have in place to deliver the strategy are as effective as possible.
Revisiting the strategy	• As trustees, you should revisit the strategy with your board annually (think about when it would be logical to have this conversation to ensure enough time for planning for the following year). You can receive reports from team members in relation to progress on the different elements of the strategy. This will remind everyone of your strategic aims but also give you the opportunity to consider whether they are still fit for purpose. Although strategy reviews should take place every 3 to 5 years, if there has been substantial change to your sector or organisation, you may need revisit the strategy before it was originally scheduled for review.

Recommended policies
• Finance manual
• Staff and volunteer management policies

Further reading and resources

Trustee board effectiveness (cgi.org.uk)

Improving charity boardroom behaviours (cgi.org.uk)

The virtuous circle of good charity governance (cgi.org.uk)

Principle 3:
Leadership
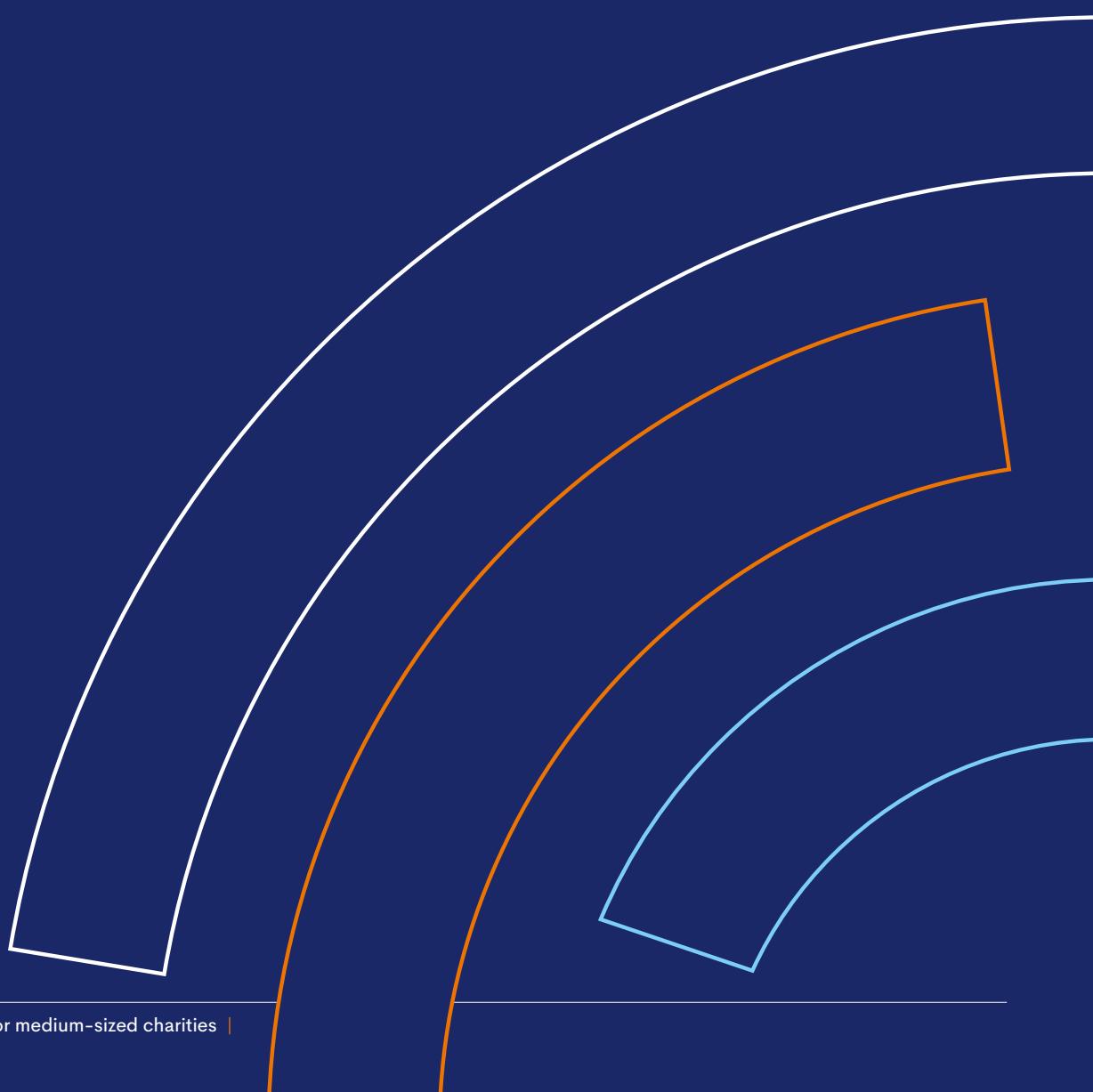
A summary of principle 3: Core to this principle is the idea that for a charity to deliver its aims, the board must be strong and effective in leading the charity. This means that the right people need to be around the table, they need to be able to work together and agree what the aims of the charity should be, and how they can be achieved. They also need to take responsibility for making sure that everyone understands the charity's values, and how these values help shape the charity's work.

These values underpin the delivery of activities and how the charity supports its staff (if relevant) and volunteers. By governing well, the board makes a fundamental difference to the work of the charity.

The Charity Governance Code states you'll know it's working when:

1. *Trustee behaviours align with the charity's purpose and values.*

2. *There is clarity and respect for the different leadership roles of chair, board and (where they exist) CEO and senior staff.*

3. *Trustees have clarity about the difference in accountabilities between their role as trustees and any other voluntary roles they undertake for the charity.*

4. *The board, led by the chair, creates an environment in which people can contribute effectively.*

5. *Where there are staff, the board provides effective support and challenge to senior staff*

How can you know you're putting this principle into practice in your charity?

Trustees need not only to develop good governance practices, but also to truly own the strategic nature of their roles.

The difference between strategic and operational leadership is not a simple one, and it is inevitable that there will be some blurring at times, which can lead to unhelpful conflict. It is vital therefore that the board and the charity's leaders and team members build a relationship of trust where they can discuss openly their roles and responsibilities and provide a healthy challenge to each other. The team will lead on the operational delivery of the strategy and day-to-day activity, reporting to trustees. As a trustee, you might ask yourself or discuss the following questions:

• Am I thinking about the long-term goals and mission of the charity rather than the day-to day operations? For example, am I thinking about whether the work being done is bringing or will bring about positive impact on those we support, rather than what IT system to use, the wording of a policy, or what hours the charity office should be open?

• Am I asking the right questions at meetings to stimulate discussion amongst the board? For example, if the work being done is not evidencing an improvement in outcomes, should it be stopped, or if there is not the funding to carry on for longer than a year, should we think about merging?

• Do I have the information to be able to assess if we are delivering on our agreed strategic objectives?

• Am I clear in what the critical risks to the charity's future are and am I assured that they are being managed well?

It's also important that time is taken to review the make-up of the board and how it is working on a regular basis.

Ways in which this can be done include:

- An annual skills audit to check what gaps there might be in trustee knowledge.

- An online survey for trustees to share how effective they feel the board is.

- A 360 review of the chair and how they are performing.

- Engaging someone to carry out a board performance review (sometimes called a board evaluation) so they can give you an objective view of how the board fulfils its role.

A tool for your toolkit: Developing a code of conduct

Why do I need to set a code of conduct?
One way in which trustees can show they are committed to acting with integrity in their leadership is by confirming they will follow a code of conduct. This is a useful tool as it reminds trustees on an annual basis about behaviours and ways of working. It's also helpful if you have a trustee that behaves inappropriately or is failing in their duty as a trustee. If they have signed the code of conduct and then aren't following it, the chair can have a much stronger conversation with them than if they haven't.

What information should be included in the code of conduct?
We have shared with you an example of a code of conduct that you can adapt and use with your board. There are many versions you can find; often they are published on charity websites for you to view. When implementing a code of conduct it is important that the chair of the board leads a discussion about what this means in practice so that everyone understands and there is a shared commitment to it.

A sample code of conduct

CHARITY NAME
Code of Conduct
Date approved:
Approved by:
Date of next review:

Introduction
As a trustee of [insert charity name], I promise to act in accordance with the values of the charity and the values that guide anyone who works or volunteers in public office. I will strive to do the following:

Integrity and honesty
- act with integrity and be honest and transparent in all our activities.

- make sure that we always present accurate information regarding the charity's work, finances, and achievements.

- uphold the charity's values and mission in all my activities.

Respect and inclusivity
- treat everyone with dignity and respect, regardless of gender, age, race, religion, ability, or background.

- foster an inclusive environment that values diversity and encourages participation from all.

Confidentiality
- respect the privacy and confidentiality of all stakeholders, including donors, beneficiaries, and volunteers.

- keep what happens in trustee meetings confidential and not disclose sensitive information unless authorised to do so.

- not make public comments about the charity unless authorised to do so.

Accountability
- be accountable for all the charity's actions, decisions, and use of resources.

- regularly review the charity's performance to make sure funds are used responsibly and for their intended purpose.

- take responsibility for my performance as a trustee, including: committing the time and energy needed to carry out the role; attending as many meetings as possible; reading the papers; and respecting others including the chair in leading the meetings.

Conflict of interest
- avoid any conflict of interest or perception of it, by not benefiting personally from charity work.

- report any potential conflicts to the board and ensure they are managed appropriately.

Compliance with laws
- ensure the charity complies with all relevant laws and regulations.

- maintain accurate financial records and submit reports in accordance with legal requirements.

Professional conduct
- make sure that I act professionally when speaking and working with other trustees, staff, donors, partners, and beneficiaries.

- recognise that decisions are collectively made by the whole board and are binding once made.

- ensure I keep the wellbeing of staff, volunteers and beneficiaries at the heart of my strategic work as a trustee.

I understand that if I breach this code in any substantial way this may result in my removal from the board.

If procedures are put in motion that may result in me being asked to resign from the board, I will be given the opportunity to be heard. If I am asked to resign from the board, I will accept the majority decision of the board and resign at the earliest opportunity.

Should I resign from the board I will inform the chair in advance in writing, stating my reasons for resigning. Additionally, I will participate in an exit interview.

Signed:
Name:
Date:

Recommended policies
- Safeguarding
- Conflicts of interest
- Code of conduct
- Finance manual
- Pay (or sometimes known as Remuneration) policy

## Further reading and resources

Improving charity boardroom behaviours (cgi.org.uk)

The role and duties of charity trustees (England & Wales) (cgi.org.uk)

Governance and management – an overview for charities (cgi.org.uk)

Principle 4:
Ethics and culture
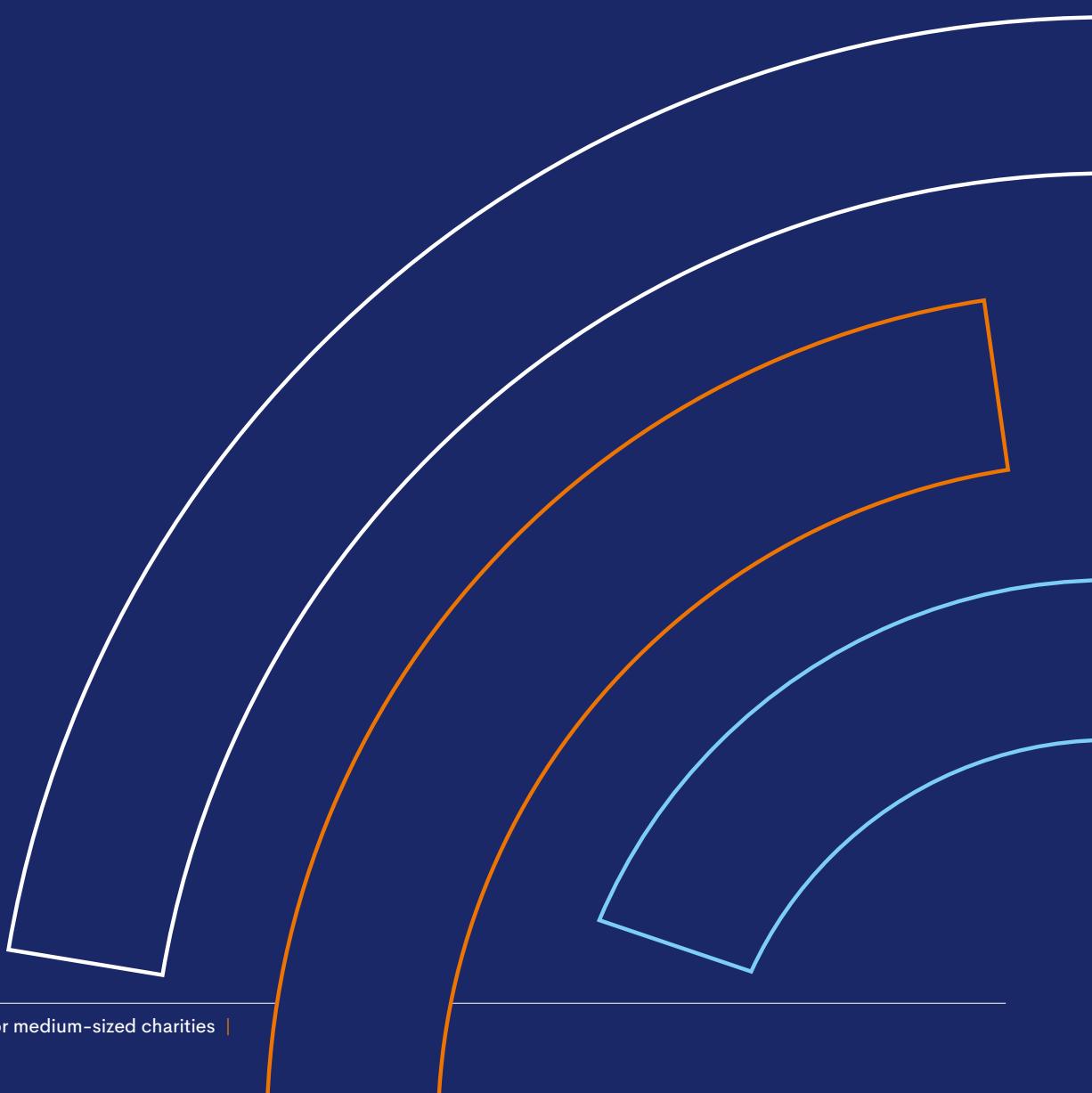
A summary of principle 4: This principle emphasises the importance of a commitment to values and expected behaviours as a board, and as an individual trustee. Trustees are expected to '*lead by example, upholding high ethical standards in their conduct and decision making*'. To do this, it is vital that public benefit is the key driver behind any decision taken by the board, even if that decision may be unpopular.

The principle emphasises the importance of the charity living its values, and the positive impact that this has on the environment for beneficiaries. For charities that work with children, young people and/or vulnerable adults, this extends to safeguarding.

The Charity Governance Code states that you'll know it's working when:

1. *The board has agreed on a set of values and expected behaviours for the charity, which board members consistently demonstrate in how they work.*

2. *The board has adopted clear standards for the charity to follow.*

3. *Trustees are sensitive to the ethical, social and environmental consequences of their decisions.*

4. *Complaints and concerns are taken seriously, handled fairly, and used as opportunities for learning and improvement.*

5. *The board is open about how the organisation and its governance works.*

How can you know you're putting this principle into practice in your charity?

While trustees may feel they are upholding ethical standards themselves, it is helpful to have systems in place to check this is happening and to demonstrate it should a concern ever be raised. Ways in which this can be done include:

- Annual reviews of values, mission and purpose with the board and leaders – this will also help with strategy planning

- For all charities, considering what safeguarding responsibilities the trustees have

- For charities working with children, young people and/ or vulnerable adults, making sure a safeguarding policy is in place and is followed, making sure DBS checks are completed along with any other safer recruitment checks that are needed

- Keeping an annual register of interests of trustees and senior leaders (if relevant) and having a standing item asking for declarations of interest at each meeting

- Being transparent about who trustees and senior staff (if relevant) are by having profiles on the charity website

- Keeping a register of hospitality and gifts and having a policy for trustee expenses

As well as the above, it is important to have in place a structure for ensuring there are up to date and approved 'Policies and Procedures' that guide the way in which the charity's leadership team implement the board's intentions and comply with the law and good practice. While developing policies can feel like hard work, they are crucial as they help guide everyone, including those who are new to the charity, on what the charity's expectations and ways of working are. They are also useful if anything goes wrong – sometimes it can be the case that an agreed policy hasn't been followed and that means the board has the evidence to understand what has happened and make an informed decision. Some policies are legally required, and others are good practice or useful to have. It is useful to develop a policy table (sometimes known as a policy framework) which details the following:

- Policy name
- Author
- Approver
- When approved
- How often it should be reviewed
- When the next date of review is

With a policy framework in place which you can review annually as a board, you will know what policies need updating and when.

Recommended policies

The specific work of the charity will influence the range and topics of the policies that will be useful to have. The Charity Commission now collects information on what policies charities have in place when they complete an annual return – this information is then made public on the charity's registration page on the Commission website. Not all charities will need every single policy listed here, but it is helpful for the board to work through this list so that trustees can demonstrate they have thought about what should be in place. The policies that the Commission asks about in the annual return include:

• Internal financial controls
• Trustee expenses
• Trustee Conflicts of Interest
• Serious incident reporting
• Internal risk management
• Safeguarding (including health and safety, first aid, digital safety, and whistleblowing)

• Reserves
• Complaints
• Investment
• Campaigns and political activity
• Bullying and harassment
• Social media and engaging external speakers at charity events
• Data protection and privacy policy

It is also important that trustees carry out '**benchmarking**' so that they know how they compare against similar organisations. This can be done in lots of different ways – examples include trustee knowledge of other charities doing similar work, joining networks of similar charities to share and learn from each other, internet research of charities, or asking someone external to review your work. Learning about other organisations can be very useful in helping make sure your charity continues to be relevant and effective.

A tool for your toolkit: Developing a clear complaints process

It is important that the charity makes it clear that they welcome feedback – be it positive or negative – and that there are clear procedures for dealing with complaints. This is most helpfully set out in a complaints policy which is published on the charity website and/or shared with beneficiaries when they are in touch with the charity. Overleaf is a template complaints policy that can be adapted for your charity.

A sample complaints policy

CHARITY NAME
Complaints policy
Date approved:
Approved by:
Date of next review:

Introduction – *this should introduce the charity and its purpose and what the policy is about.*

General principles – *this is a summary of how complaints will be handled. An example of this is provided below:*

- This complaints policy and procedure is published on our website and is intended to be easily accessible and simple to understand and use.

- Everyone who makes a complaint will be treated with courtesy and respect.

- In return, we expect people who make a complaint to communicate their complaints fairly and appropriately. (Where complainants harass staff, behave abusively, or unreasonably pursue complaints or repetitively complain, we reserve the right to withdraw or modify our complaints procedure).

- We always aim to be impartial and non-adversarial in addressing concerns and complaints.

- We aim to handle concerns and complaints swiftly, maintaining time-limits for action and keeping people informed of the progress.

- We aim to ensure a full and fair investigation and will use an independent person where necessary.

- We will respect people's desire for confidentiality.

- We will address all the points at issue and provide an effective response and appropriate redress, where necessary.

- We believe that the process of listening to and resolving complaints will contribute to the improvement of our work. We will report complaints and their outcomes to the chair of trustees on a regular basis.

Definitions and scope – *this ensures people know when it is relevant to use the complaints procedure.*

A **concern** is defined as "an expression of worry or doubt over an issue considered to be important for which reassurances are sought". We will resolve concerns through day-to-day communication as far as possible.

A **complaint** is defined as "an expression of dissatisfaction however made, about actions taken or a lack of action". We intend to resolve complaints informally where possible, at the earliest possible stage. There may be occasions when complainants would like to raise their concerns formally. This policy outlines the procedure relating to handling such complaints. This policy does not cover complaints procedures relating to:

- Safeguarding matters
- Whistleblowing
- Staff grievances and discipline

We have separate policies for procedures relating to these types of complaint.

Procedures – *this section needs to be adapted according to how you want to manage complaints – usually charities would have an informal and formal stage to a complaint.*

Informal

If you are unhappy with any aspects of the charity's service, please tell us. If you are unhappy with an individual in the charity, sometimes it is best to tell them directly. However, if you feel this is difficult or inappropriate, or do not feel that this will resolve the situation, then please speak to [insert role name]. Often we will be able to give you a response and address your complaint straight away. We will always endeavour to respond to your complaint promptly, but at most, we will respond within ten working days. We will do this in writing, so you have a record of our response.

Formal

If you are not satisfied with our response or wish to raise the matter more formally, this can be raised with [insert role name] (or if your complaint is about [any specific factors], please write to the chair):

- By letter or email
- Over the phone
- In person
- By a third party acting on behalf of the complainant

When formalising the complaint, you should provide details such as relevant dates and times, names of witnesses of events, alongside copies of any relevant documents. You should also tell us what you feel would resolve the complaint.

You will receive a written acknowledgement within [insert number] working days. The aim is to investigate your complaint properly and give you a reply within [insert number] working days, setting out how the problem will be dealt with. If it is not possible to investigate your complaint properly within this timescale,

we will write to you and let you know to explain why we are not in a position to make a final response, giving reasons for the delay and letting you know when we expect to be able to provide a final response.

If after we have responded you are still not satisfied, please write to the chair who will report the matter to the next meeting of the trustees, which will decide on any further steps to resolve the situation. We will inform you of the proposed next steps and timescales.

Once the review by trustees is complete, you will be informed what the decision is and if you are still unsatisfied, what the external appeal options are. (*Usually this would be the Charity Commission unless there is a specialist body you should be referring to*).

Vexatious and persistent complaints – *you may wish to include a section on this, or you may feel it is not needed.*

Unreasonably persistent complaints
Most complaints raised will be valid, and therefore we will treat them seriously. However, a complaint may become unreasonable if the person:

• has made the same complaint before, and it has already been resolved by following the trust's complaints procedure

• makes a complaint that is obsessive, persistent, harassing, prolific, defamatory or repetitive

• knowingly provides false information

• insists on pursuing a complaint that is unfounded, or out of scope of the complaints procedure

• pursues a valid complaint, but in an unreasonable manner e.g. refuses to articulate the complaint, refuses to co-operate with this complaints procedure, or insists that the complaint is dealt with in ways that are incompatible with this procedure and the time frames it sets out

• changes the basis of the complaint as the investigation goes on

• makes a complaint designed to cause disruption, annoyance or excessive demands on staff time

• seeks unrealistic outcomes, or a solution that lacks any serious purpose or value

Steps we will take
We will take every reasonable step to address the complainant's concerns and give them a clear statement of our position and their options. We will aim to be objective throughout the process, including when we meet with individuals. We will follow our complaints

procedure as outlined here wherever possible. If the complainant continues to contact us in a disruptive way, we may put communications strategies in place.

We may:

• give the complainant a single point of contact via an email address

• limit the number of times the complainant can make contact, such as a fixed number per year

• ask the complainant to engage a third party to act on their behalf, such as Citizens Advice

• put any other strategy in place as necessary

Stopping responding
We may stop responding to the complainant when all of these factors are met:

• We believe we have taken all reasonable steps to help address their concerns

• We have provided a clear statement of our position and their options

• The complainant contacts us repeatedly, and we believe their intention is to cause disruption or inconvenience

Where we stop responding, we will inform the complainant that we intend to do so. We will also explain that we will still consider any new complaints they make. In response to any serious incident of aggression or violence, we will immediately inform the police and communicate our actions in writing.

Recording complaints
We will log and monitor serious complaints and results of such complaints and report these to the chair of our board of trustees. Senior staff will also review these so that we can learn from what we do and how we do it.

Contact details
Staff member: as appropriate
Chair: *we suggest you use a charity email and phone number rather than a personal one.*

Recommended policies
• Complaints policy
• Conflict of interest policy
• Trustee expenses policy
• Gift acceptance policy

Further reading and resources

Charity trustee standards for governance and leadership (cgi.org.uk)

Managing conflicts of interest in a charity (England & Wales) (cgi.org.uk)

Specimen conflict of interest policy, declaration form and register of interests for charity trustees (cgi.org.uk)

Principle 5:
Decision making
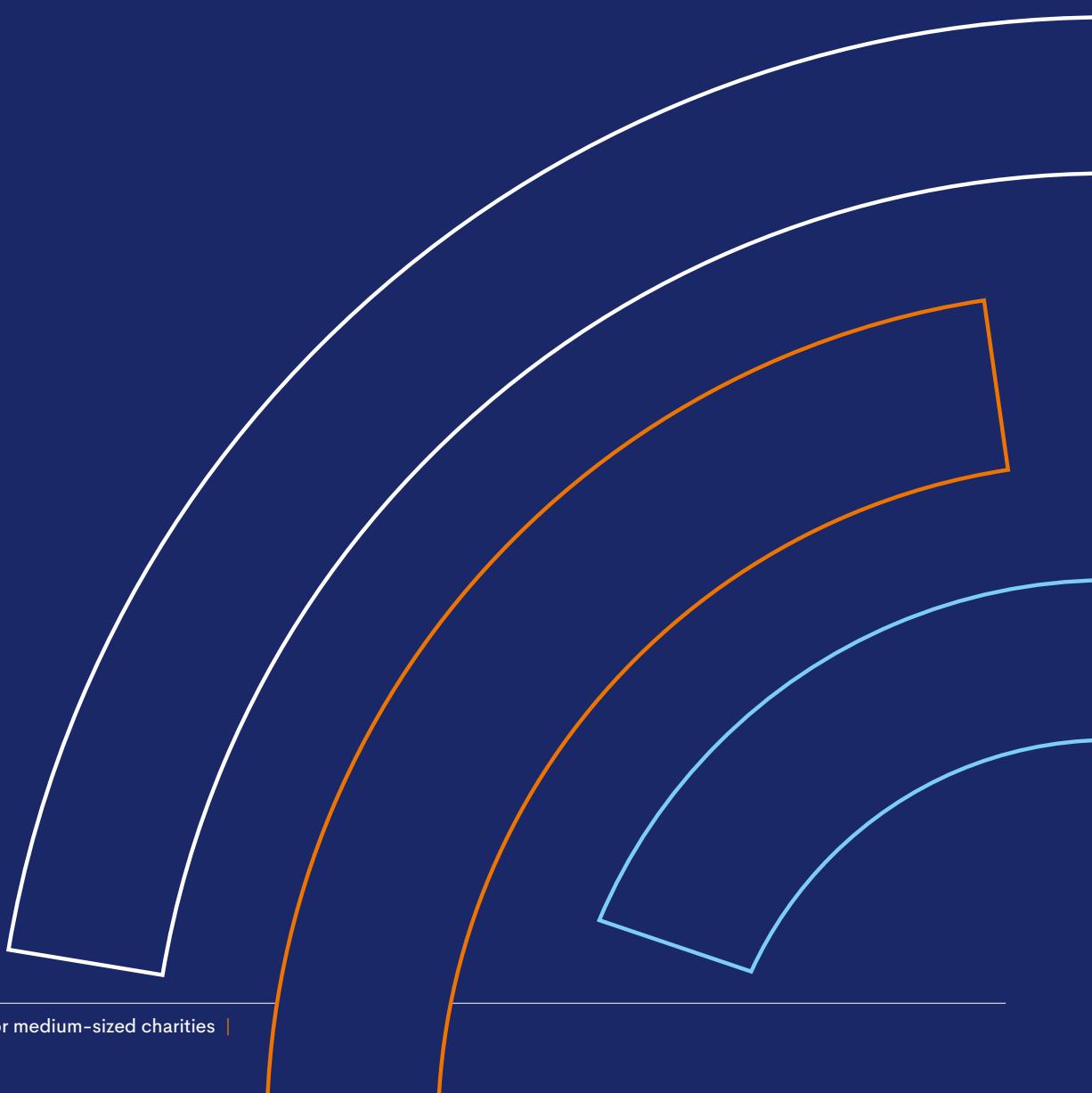
A summary of principle 5: The role of the board is not to carry out the day-to-day work of the charity. The role of the board is to lead and take decisions about what the charity should be doing and why. The board may then delegate some of its work to others within the charity, but trustees are the people who are accountable for the decisions.

This means that the board needs to '*make effective decisions that best serve the charity's purposes*' and '*take personal responsibility for carefully considering each decision and working to reach agreement*'. Guidance on decision making is available from the Charity Commission.

The Charity Governance Code states you'll know it's working when:

1. There is clarity about which decisions are made at which level of the organisation, including strategic ones that can only be made by the board.

2. The board makes orderly and effective use of its time to focus on the right things at the right time.

3. The board has the information and analysis it needs to make timely and well-informed decisions.

4. The board considers past and current performance to learn lessons for future organisational performance.

5. The board can track, review and learn from its decisions.

6. Trustees explore different viewpoints before uniting behind board decisions

How can you know you're putting this principle into practice in your charity?

When this principle is applied in practice, and working well, the board will be clear on its role and purpose, will know what has been delegated and to whom, will seek specialist advice as needed, and will take collective responsibility for decisions.

Tools that will be helpful in embedding good decision making include:

A '**delegations framework**' sets out clearly who within the charity has the authority to make decisions about different areas, which might include: finance, people management, or how projects are delivered. Creating a framework like this can be particularly helpful for charities who have paid staff, so that it is clear what is the responsibility of the trustees and what is the responsibility of the charity's paid staff. There are certain decisions which can only ever be taken by the board as a whole and can never be delegated. Examples of these are: changing the name of the charity; deciding to merge with another organisation; using or investing part of the charity's reserves; and appointing new trustees or an operational leader of the charity. The Institute has an example document of matters reserved for the board.

Written '**terms of reference**' for the board and any committees that the board has set up to oversee particular areas of the board's work, for example

finance. Terms of reference can include practical things like how often and for how long a board will meet, how decisions are made, what qualifies as a quorate meeting, whether meetings can happen virtually, and what the responsibilities of the board are. These terms will clarify what committees have been asked to do, how they should undertake their work, and how to report back to the board.

Role descriptions for the chair and any trustees that lead on particular areas such as finance or safeguarding. These help trustees to understand their roles and perform them effectively.

It is also important that trustees carry out '**benchmarking**' so that they know how they compare against similar organisations. This can be done in lots of different ways – examples include trustee knowledge of other charities doing similar work, joining networks of similar charities to share and learn from each other, internet research of charities, or asking someone external to review your work. Learning about other organisations can be very useful in helping make sure your charity continues to be relevant and effective.

A tool for your toolkit: A checklist for meetings, and tips for bringing together high-quality minutes

Key to demonstrating effective decision making is ensuring that there is a clear process for holding trustee meetings and recording the decisions that are made in them. To help with this, we recommend that the chair and the person who manages the work of the charity prepare an agenda planner together. This should include dates of the meetings and some of the key items to be covered during the year. Remember, the more notice busy volunteers have of upcoming meetings, the better!

This checklist offers some steps to follow before, during and after a meeting.

A checklist for governance meetings

Preparing for the meeting	
Create and share the agenda and any other meeting papers with the board/committee.	
The Chair may want more notes or a more detailed agenda to make sure they have the information they need to lead the meeting.	
Set up a template for the minutes based on those of the previous meeting, updating the discussion items using headings from the agenda.	
Ensure all trustees/meeting attendees have the meeting details and joining link/passwords for virtual meetings. Test the meeting link and any equipment that will be used.	
Gather any apologies sent ahead of the meeting, and let the chair know in advance of any apologies.	
Check the terms of reference to establish how many trustees will need to attend for the meeting to be quorate.	
Ensure any accommodations for disabilities are in place.	
Provide drinks and food as necessary.	
During the meeting	
The minutes of the previous meeting should be reviewed and approved by the board (with any necessary amends minuted) and then signed by the Chair at the meeting.	
The Chair should call for any declarations of interest relevant to items on the meeting agenda, which must be recorded in the minutes.	
Record a list of those attending the meeting, those who sent apologies and those absent.	
If a trustee arrives late or leaves early, note these timings down, as this may impact whether the meeting is quorate.	
If any discussion items are raised for the following meeting, add these as items to include on the next agenda.	
Note down any actions and confirm a timeline for completion – it can be helpful to structure these in an action log table.	
Note when the meeting starts and when it ended.	
Meeting follow-up	
Produce a draft of meeting minutes and send them to the board/committee Chair (and a senior leader in the charity if appropriate) for review.	
Make any revisions requested and share the final minutes with the full board/committee	
Share and follow up on action items as needed	

Why are you minuting governance meetings?
When any board or committee meeting is held, it is important to make sure that minutes are taken. Minutes are used:

- To evidence that trustees are demonstrating good governance and have made decisions appropriately.

- To have a formal record of discussion, challenge, scrutiny, and crucially of any decisions that are made.

- To hold people to account – if it's written down that they agreed to do something, they should do it!

- So people who could not come to the meeting can review what happened.

What are you minuting?
There will be some standard items which are always on an agenda, and which should be minuted. These generally include:

- A list of people who are at the meeting and what their roles are

- Any apologies for absence that have been given

- Declarations of interest – any declarations of interest that need to be shared in relation to items on the agenda

- Minutes of the previous meeting – the chair should ask for any comments before asking members to approve them

- Any other business

- Date of next meeting

- Actions – this is one of the most useful sections as it helps keep track of what people have agreed to do and by when

- Decisions such as the approval of a budget – crucial for demonstrating good governance

As well as these standard items, there may be other thematic or strategic discussions that happen. The minutes should include a summary of these discussions, as well as any actions resulting from them. A written record demonstrating that trustees are thinking about ways in which the work of the charity can be developed, or risks and concerns that they may have, shows leadership on the part of the board.

Sometimes the minutes might need to record a confidential item. You will want to keep this minute separate from the non-confidential section and be careful about how and to whom it is distributed. This could, for example, be something about the dismissal of a member of staff, or a complaint from a user.

Helpful hints for minute takers
Minutes are not a narrative of everything that was said in the meeting, they are only a summary! The most important thing is to note decisions, actions and any significant disagreements, concern, or celebration.

Minutes are not one person's point of view – decisions that are recorded are made collectively by the whole board. It's generally good practice not to name individuals but sometimes, individuals may ask to be identified specifically, especially if they disagree with a decision.

Although one person might write the minutes, the whole board approves them and needs to take responsibility for them. Minutes are only a draft until they are approved and should be edited as needed.

Minutes templates can be useful, because they make it easier to take notes in the relevant sections during the meeting.

With the development of AI, there are some useful technology tools that can be used now to take notes during the meeting and save time and energy. If you decide to use an AI tool, it is really important to make sure you check the output for accuracy before sharing.

Remember to note down who has taken the minutes if you don't have someone to do this as part of their job.

Finally, take pride in your minutes – even if they can feel like hard work, they are part of the history of your charity and help shape its future!

Further reading and resources

Matters reserved for the board of trustees (cgi.org.uk)

Lead charity trustees in England and Wales (cgi.org.uk)

Minute Taking: Courses, Free guidance, Podcasts (cgi.org.uk)

Specimen strategic agenda for charity boards (cgi.org.uk)

Specimen report cover sheet for charity board meetings (cgi.org.uk)

Virtual and hybrid AGMs: A guide for charities (cgi.org.uk)

Specimen board meeting etiquette (not-for-profit organisations)

Charity Trustee Induction

Principle 6:
Managing resources and risks
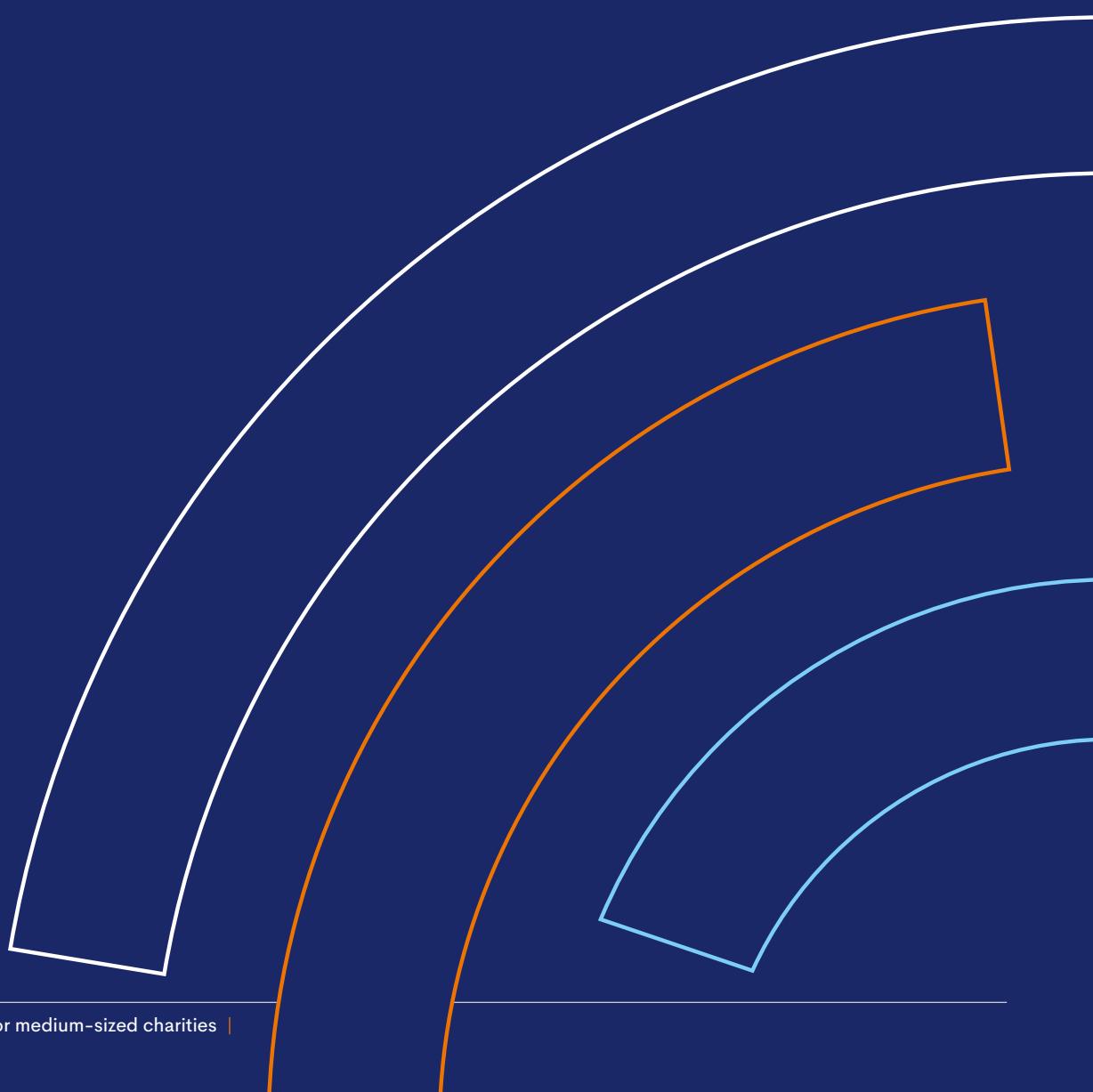
A summary of principle 6: The board is responsible for the strategic management of resources available to the charity – for *'stewarding, developing and allocating'* these. To do this well, the board needs to understand what risks to meeting the charity's aims it faces and how these are being managed.

The Charity Governance Code states you'll know it's working when:

1. The board has a good understanding of the charity's capabilities, capacity and resources, and optimises the use of them to fulfil the charity's current and long-term aims.

2. The board assesses whether the charity's approach and use of resources is sustainable and whether fundamental change is needed.

3. The board identifies key risks to achieving its aims and the actions needed to manage them.

4. The board balances taking risks with safeguarding the charity's service users, staff and resources.

5. The board ensures control and risk management frameworks are effective, and reviews them regularly

How can you know you're putting this principle into practice in your charity?

To manage **resources effectively**, as a board you will want to ensure you have the relevant information about budgets and operations to be able to guide your decision-making and shape your strategy. It is crucial that you make sure that you are not wasting public funds and that what you are doing with the charity's money is benefitting your community. You should agree a budget before the beginning of your financial year and then create or receive regular reports on progress against this budget, as well as consider long-term plans for the charity's finances and for fundraising.

You will also want to make sure you have sufficient financial expertise amongst your trustees so that you can understand and question the information you are being given, and remember that the board is a collective body, and you should not just rely on one person to have all the knowledge. Training and support should be provided to those who don't feel so confident. There is a range of valuable guidance on the topic of financial oversight available through the Charity Commission and charity sector bodies.

When '**managing risk**' it is important to have a process for understanding what risks there are, how they are being managed to inform potentially difficult decisions in the context of this. It is vital that a board regularly reviews a charity's specific risks and how these can be prevented or managed. However small or large a charity is, its board should review risks and the charity's approach to managing these risks at least once a year. The tool we have provided below gives you a structure for risk management in your charity.

Every trustee, and the board as a whole, will have their own appetite for taking risks. This appetite will influence how the board makes decisions.

This framework sets out questions to help your board discuss the key risks that your charity faces and what, if anything, can be done to reduce them.

What is a risk to my charity?
Medium-sized charities may often be exposed to risks due to dependency on the skills and knowledge of a few key trustees or employees and volunteers, and a reliance on particular funders or third-party suppliers. They may also be susceptible to broader social, political or economic changes, for example interest rate fluctuations or inflation.

If there is something that keeps you up at night worrying, or something that you think could eventually lead to a risk, ask about it. Your background and experience may make you more attuned to it than your fellow trustees. A useful rule is to 'never assume'.

How can I find a time-effective process for identifying risks?
Discussing all the risks that a charity is exposed to can be overwhelming, so a simple process for categorising them can be helpful. By putting risks into 'buckets' or categories, it is easier to see where the charity, and therefore the board, is most exposed.

Some typical categories are: Strategic, IT and Systems, Financial, People, Project or Programme, and Safeguarding. There is some debate on whether 'Reputation' is a

strategic risk or whether it is a consequence of other risks. There is no right answer, and you will decide through discussion what is right for your board.

How should I present information about my charity's risks?

Most organisations present their risks in the format of a risk register – which is effectively a list of the key risks a charity faces and any action the charity is taking to manage those risks.

It is often recommended that the board receives and owns a register containing only the most significant business risks faced by the charity and the risks that might prevent the charity from implementing the goals set out in its strategy.

Other, more operational risks are typically included in a more detailed risk register that the leadership team owns and monitors. Dependent on your size and your work, you will know what is most useful for you as a board in being able to monitor risks and actions.

How do I know our risks are covered?

It is not possible to eliminate all risk in a charity, or indeed in life. What you are looking for is to have enough **assurance** that the risk is being managed to a level that the board is comfortable with. Assurance can be provided through a number of internal routes:

- Documented policies, procedures, and guidance

- Systems that are designed to prevent one individual having total control over known risk areas, e.g. in payroll and bank payments

- Management supervision and checking processes

- Staff and trustee training

- Undertaking checks on suppliers, contractors, and partners

- Bringing in third party expertise to supplement internal skills and knowledge, e.g. IT service providers, HR, governance, and legal services

- Commissioning specific external reviews of identified risk activities

- Comparing or benchmarking the charity's work to other organisations

- Networking and peer learning with other charity professionals

A tool for your toolkit: Risk register framework

Risk registers should be developed to suit your charity, its size, its work and the scale of the risks you face. You are best placed to develop the format that suits you best. Below, we give you an outline structure for a risk register, along with a list of thematic areas, but there will be other risk areas related to your charity that are

not on this list, and others that are on this list that you will not need to consider.

A risk register is normally set out in a Word or Excel document, in landscape format.

Further reading and resources

How to build a charity board assurance framework (cgi.org.uk)

Cyber risk management (cgi.org.uk)

Dealing with financial difficulty: legal and practical measures to consider for charities and social enterprises (cgi.org.uk)

A typical risk register will have the following content

Content	Purpose
Risk reference	• Provides a unique reference number for each risk.
Risk category	• Classifies the risk into a risk category, which are the different 'buckets' or types of risk. • Examples: *Financial, Strategic, Cyber security, Health and safety, People, Safeguarding.*
Risk description	• A short description of the specific risk identified. • Examples: *Loss of major donor; Breakdown of financial controls; Cyber incident; Loss of key staff; Governance failure.*
Detailed risk explanation	• Provides more information on the reason for the risk and its potential impact on the charity's work and reputation. • Examples: *Small team means there are dependencies on key people with no cover or succession arrangements in place; Dependency on a small number of high value grants for sustainability; Trustees inexperienced and have not received training.*
Inherent risk scoring	• A score which shows both the likelihood that the risk may occur, and the impact of the risk if it did occur, before considering any preventative or risk management measures. • Typically, risks are given a score out of 5 for likelihood (with 5 being extremely likely), and another score out of 5 for impact (with 5 being greatest impact). These two scores are then multiplied together, to give a combined score. The risks with the highest combined scores will be the most important risks for the charity to manage. • Examples: *Likelihood 4, Impact 3 – gives a combined risk score of 12, indicating a significant risk.*
Management actions	• A summary of the actions trustees have put in place to reduce (or mitigate) the risk to a lower level. • Examples: *Financial plan to diversify sources of income to reduce dependency; Financial procedures documented with separation of duties; training planned and delivered; IT services all Cloud-based; third-party contractors provide annual assurance confirmations; annual statutory testing and maintenance plans.*
Residual risk scoring	• This is a score indicating the likelihood of the risk occurring, and the impact of the risk, after considering any preventative management actions. Risks are again scored out of 5 for likelihood, and for impact, with a combined score calculated by multiplying the two scores. This is the 'residual' or 'leftover' risk, once action has been taken to reduce the risk's likelihood and/or impact. • Example: *The same risk may be reduced to Likelihood 2, Impact 3, giving a combined risk score of 6. This means that the effect of the management actions is to reduce the likelihood of the risk happening, but they have no effect on the impact of that risk if it does.*
Further actions	• A summary of additional actions planned by trustees or management to reduce the risk further, where the board is unhappy to tolerate the risk at the residual risk level. • Examples: *Further training to be delivered to staff on fraud and irregularity; independent review to be commissioned into safeguarding practices; financial information to be compared to other similar charities.*
Date for completion or review	• The date by which each action is to be completed, or the date by which the risk will be reviewed again.
Risk owner	• Names the 'owner' of the risk – someone who will make sure that the board's decisions about the risk are enacted. The risk owner may be different from the names of the individuals who are responsible for the specific actions. Remember that boards are collectively accountable for risks and risk management. Examples: *Board, Resources Committee, CEO, HR Manager, Finance Director.*

Principle 7:
Equity, diversity and inclusion
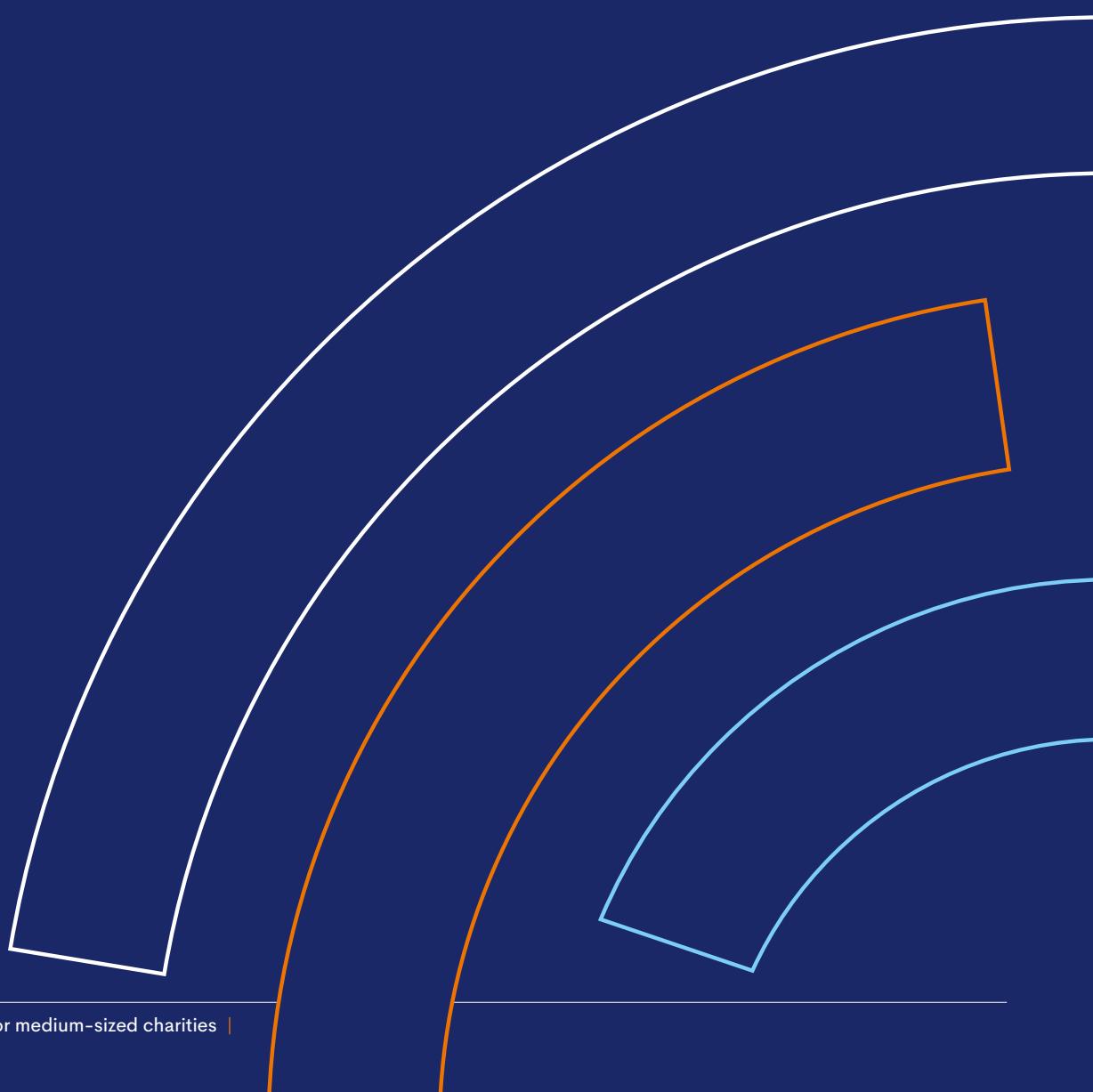
A summary of principle 7: To commit to the principles of equality, diversity and inclusion (EDI), the board should *'have a clear, agreed and effective approach to supporting equality, diversity and inclusion throughout the organisation including in its own practice.'*

This approach supports being as effective an organisation as possible both in terms of recruiting, supporting and developing a diverse workforce and board of trustees, and in terms of engaging and harnessing the energy of people to deliver the charity's purpose.

The Charity Governance Code states you'll know it's working when:

1. *The board creates a welcoming environment in which people of all backgrounds and perspectives are equally heard and respected.*

2. *The board is committed to understanding how inequality of resources, opportunity and power affects the charity, its work, users and the board itself.*

3. *The board sets clear EDI aims and ensures progress through dedicated plans, resources and monitoring.*

4. *The board draws on a range of diverse backgrounds, experiences and expertise to enhance decision making.*

How can you know you're putting this principle into practice in your charity?

Engaging with and bringing together people with different backgrounds, skills and lived experience will make a charity more wide-reaching and inclusive, and ultimately more effective. Putting in place a realistic plan around EDI with monitoring mechanisms to track change and progress will help embed and strengthen an inclusive culture. It is important that this is led by the board and reflected across the organisation.

A committed board should reflect on its own diversity and regularly review its own performance, as well as seeking feedback. The board should aim to remove any gaps or imbalance of perspectives and experiences which might impact on the strategy of the charity. It is valuable to consider how to draw on lived experience in shaping the values and work of the charity. Doing this in a strategic and meaningful way takes careful thought and time but can result in a charity with a stronger identify, better engaged beneficiaries, and greater impact.

See our section on additional resources for more tips and ideas on principle 7.

A tool for your toolkit: Monitoring equality, diversity and inclusion (EDI)

How can I facilitate a discussion with the board of trustees on this topic?
First, outline to the board that really examining what your organisation needs to do regarding EDI may require having discussions that feel out of people's comfort zones. Reassure the trustees that this is acceptable. There is often apprehension about discussing EDI with worries about 'saying the wrong thing' being present. Outline at the start of the discussion that there is space for people to ask questions, make mistakes and learn.

It can be helpful to remind all trustees that there is always more work to do on EDI, and that even if some of the charity's trustees have not personally experienced discrimination or disadvantage because of their background, many of the charity's volunteers, staff and beneficiaries will have done. Trustees may also wish to have a conversation about unconscious bias and in what ways trustee can avoid this impacting on decisions. It's also particularly important to think about how bias can be avoided when recruiting staff or volunteers, e.g. by anonymising application forms, or by thinking carefully about where jobs or volunteer posts are advertised.

Trustees should consider where there are any issues with EDI in the charity. To start with, the board might want to work through the charity's strategy, key stakeholders including volunteers and beneficiaries,

current and upcoming projects, and relevant policies, to identify the areas where EDI is most important. Trustees should also bear in mind any social or political developments which could have an impact on different groups of the charity's stakeholders.

Once the trustees have identified those key areas where the charity needs to be mindful of EDI, they then need to discuss potential actions to take. The table below gives examples of these areas and of appropriate actions.

Areas to consider	Questions to consider	Examples of actions to consider
Strategy development and delivery	• How was your strategy developed? • Did you engage with a variety of stakeholders across all levels of the organisation? • How was it communicated? • Were there more people you could have tried to engage with to input into your direction of travel?	• Feedback from all staff, volunteers and stakeholders on strategy development and implementation (potential for a staff survey or line management conversations). • Review process for next time strategy is reviewed. • Ensure you have an EDI policy in place (you may want to develop this with a working group of volunteers from your stakeholder groups).
Organisational culture	• Is the organisational culture open and honest? • Are all members of staff encouraged and supported to challenge where they see inequality or discrimination? • Is EDI a consideration in all organisational decision-making?	• Review feedback from staff and volunteers. • Implement a mechanism for reporting and tracking of instances of inequality or discrimination. Work to address any key themes identified. • On decision-making documents, add 'EDI implications' as a category to be completed.
Stakeholder engagement	• Do you hear from a variety of stakeholders? • Are there particular groups that are more difficult to engage with? How do you combat this?	• Encourage completion of diversity monitoring forms by staff and volunteers – any information gathered should be strictly anonymised and assessed only in aggregate. • Map out who in your community you are already engaging with and whether there are any others you need to do more work with. Once you have identified them, think about how you can introduce the charity to them, e.g. are there key individuals you can talk to, are there meeting places you can arrange to visit, or social media networks you can access? What should you think about when approaching them, e.g. accessibility, language, resources, and how can you encourage them to get involved? • Take time to analyse any negative feedback or themes arising from people in particular groups and think about what responses should be made to that.
Workforce wellbeing and development	• Are your staff and volunteers diverse – in terms of gender, ethnicity, socioeconomic background, lived experience, and any other relevant characteristics? • If you have staff or volunteers from marginalised groups, what do you do to ensure they are included? • Do you need to offer training to your staff or employees to encourage and strengthen diversity throughout your organisation? • If your charity has several layers of employees, is there a difference in the level of diversity in your leadership roles compared to your front line/administration roles?	• Encourage completion of diversity monitoring forms to give an oversight of your staff and volunteers – any information gathered should be strictly anonymised and assessed only in aggregate. • Offer support for promotion and development to staff and volunteers from marginalised backgrounds. • Review your recruitment, training, and development selection processes to ensure equality of opportunity. Are there particular groups that you should be offering more support to?

Areas to consider	Questions to consider	Examples of actions to consider
Recruitment and appointment	• Do you receive applications from a diverse range of people for trustee, staff, and volunteer roles? If not, why not? • If you do, is there a wide cross-section of people that are then shortlisted for interview? If not, why not? • Are appointments often people of the same demographic? If so, why? • Do you need to put more emphasis on lived experiences in your recruitment process?	• Remove identifying factors from application forms, so that applications are anonymous or 'blind' and do not include information about someone's gender, race, or even educational background. • Include statements in job adverts which positively affirm the charity's desire and actions taken to recruit from a variety of backgrounds. • Ensure that people involved in the recruitment panel have completed EDI training, which should include training about unconscious biases.
Risk and opportunity management	• Does your risk register consider any areas where risk is exacerbated by EDI issues? • Is lack of diversity a risk for you? • Are you missing out on opportunities because there are groups you do not engage with? • Could you become more insular if you do not look to expand your demographics?	• Add EDI considerations to your risk register. • Review all current stakeholders and communication means - develop and expand communications strategy as necessary. • Develop a communications plan specifically for groups that you have difficulty engaging with – work to break down barriers.
Finance and resources	• Are contracts for services procured solely on the basis of the best service provided? • Are finances and resources fairly allocated based on organisational need? • Are there any groups that are not receiving equity of opportunity because they should be allocated more resources given their needs?	• Complete an analysis of resource allocation and ensure that a fair and transparent procurement process is in place. • Consider EDI implications in the allocation of resources going forward. • Review feedback from marginalised groups as to whether there is anything that you could implement to better support them.
Health and safety	• Do you have an accessibility plan in place to support your workforce? • Is your worksite/equipment suitable for everyone to use? • Is everyone receiving suitable training?	• Accessibility plan should be in place. • Complete workplace assessments to ensure that the workspace is fit for purpose. • Maintain a training log and schedule.
Governance	• Do you consider EDI regularly at board meetings? • Is EDI a high enough priority across the organisation? • Is the board itself diverse enough to make well-informed decisions on EDI? (This does not mean you should appoint someone from a marginalised group to oversee EDI – the approach should be holistic).	• If you have staff, consider inclusion of an EDI team objective in their plan • Use job sites, volunteering boards, advocacy organisations and social media such as LinkedIn to advertise your board vacancies to a more diverse pool of potential applicants. • Have regular conversations about EDI and work with trustees to widen knowledge where possible.

Once the board has developed a list of considerations and actions required, it is good practice to think about how and when you will review progress against them. This regular review and evaluation cycle will help you make sure that the actions you are spending time on are working and demonstrating your commitment to EDI.

When you're writing all your policies, think about how your procedures might impact on different groups of people and whether they might prevent participation in your charity's work – it can be helpful to add an EDI statement in each policy to show how you are embedding your approach to EDI throughout your work.

Recommended policies
• EDI policy
• Recruitment policy
• Diversity monitoring forms
• Staff/stakeholder surveys

Further reading and resources

Cognitive diversity in the boardroom (cgi.org.uk)

Charity trustee recruitment (cgi.org.uk)

Governance and management – an overview for charities (cgi.org.uk)

Principle 8: Board effectiveness
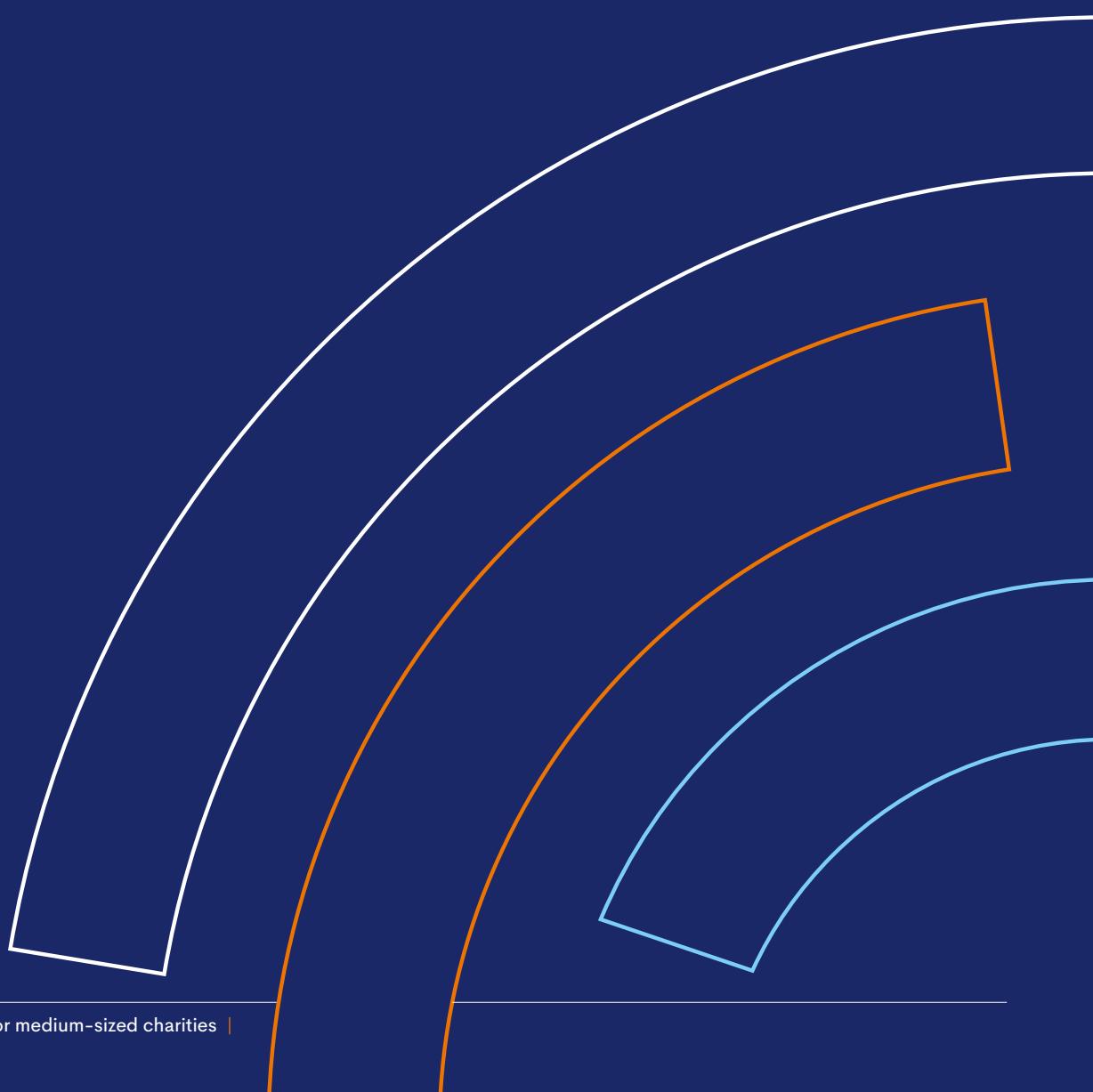
A summary of principle 8: As those responsible for the charity, it is vital that '*the board works well together, using an appropriate balance of skills, experience, backgrounds and knowledge*'. An effective board sets an example to everyone else working or volunteering for the charity, by giving them confidence and building trust.

The Charity Governance Code states you will know it's working when:

1. *The board has the right mix of skills, knowledge and experience to serve the charity's purposes.*

2. *There are open processes for board recruitment and/or election.*

3. *The board is committed to its development, including trustee induction, individual learning and whole board learning.*

4. *There are constructive and regular processes for reviewing the performance of individual trustees, the chair, and the board as a whole.*

5. *There are clearly defined processes for managing disputes and differences between trustees, and between trustees and staff members*

How can you know you're putting this principle into practice in your charity?

There aren't many people who volunteer as a trustee of a charity working for a cause they are passionate about, who want to sit in long meetings without a structure, where decisions aren't made, and where you leave feeling like you might as well not have been there!

To prevent this, the chair must make sure that:

• Trustees, individually and collectively, have access to induction materials as well an ongoing training that will help them in their role

• There is an agenda for board meetings

• Papers are shared before the meeting, giving trustees enough time to read and think about them beforehand

• Everyone is given time to share their views at the meetings, and everyone's views are listened to and taken into account

• Independent objective advice is sought when needed, for example in relation to finance or legal issues

• When a decision is made, trustees are reminded that this is binding, and that trustees must all own the decision (whether they agreed with it or not)

• Decisions are recorded clearly and these records are stored so they can be referred back to when needed.

To do this, you need to minute your meetings – see below for our guide to doing this.

A further way of making sure that the board is effective is to think carefully about who is being recruited to sit on the board and to make sure that there are regular reviews of length of time in office alongside thinking about succession planning and plans for membership of the board in the future. Below is a checklist tool for making sure your recruitment process works well and that you get the right people on your board.

How do I identify skill sets for trustee roles and where the gaps are?
A board needs to be made up of people who can bring a variety of skills, experience and knowledge to the table. There are certain skills that it is always helpful to have on a board of a charity, and then there will be some specific skills and experience that your charity may need. These will depend on the scale of your charity and the nature of your work. Every charity is likely to want volunteers on its board who have knowledge of:

• Financial management
• Governance
• Legal
• Management
• Equity, diversity and inclusion principles
• Communications and marketing
• Evaluation and data analysis

Core skills and behaviours that one would hope all trustees have include the ability to:

• Work as a team
• Negotiate and problem solve
• Ask difficult questions
• Communicate clearly and objectively
• Respect others and their opinions
• Always have the best interest of the charity at heart

You will also want some trustees to bring knowledge of the community or services that the charity provides, perhaps through lived experience or professional experience in the sector.

Depending on how developed your trustee body is, it may be clear what gaps exist. For example, if you don't have a finance specialist on your board, you will either want to recruit a new trustee or ensure that someone with the time and commitment is trained up to do this. It's important to review this on a regular basis so that you make sure you have the relevant skills and experience on your board to strengthen and lead the charity. Reviewing your membership is also important as trustees have time-limited terms of office, so if you know that a trustee is finishing their term you will need to plan for their replacement. You will want to do a review of this regularly to make sure you have succession plans and can feel confident about future leadership of the charity.

How do I conduct outreach for trustee roles?
Starting the process of recruitment can feel challenging, especially when there is lots of coverage about how difficult it can be to identify volunteers. However, there are many ways to find new trustees and plenty of resources that can help you.

Questions to help you plan your outreach:

• Why would someone want to be a trustee for you rather than another charity?

• How can you attract people?

• Who do you want and where should you advertise? Is it a local community member, or a finance expert who can live anywhere?

• How can you build the diversity of your trustee board? What networks can you advertise in that may help with this and how can you adapt your outreach to be inclusive?

• Is your trustee board representative of the community it serves? Are there beneficiaries who might be interested in becoming trustees?

• What will your approach to assessing applications be?

• What is your budget for outreach?

• What free networks can you use to advertise?

• What informal networks can you use to spread the word?

A tool for your toolkit: Recruitment and appointment of the board

Whoever and however you are recruiting, there are some standard steps that you need to take to make sure they are selected, appointed and inducted in as welcoming and supportive a way as possible. Our checklist for recruitment and appointment will help.

No.	Action	Done?
	Recruitment	
1	Identify skill set required and bring together role description	
2	Research and agree your outreach plan	
3	Promote role description through networks, partner organisations and existing trustees (important to have open and transparent recruitment process)	
4	Consider what information you want from applicants and how it should be shared – is it a CV, a short statement about why they want to join, or is it an application form?	
5	Agree who should be involved in first-stage (and second-stage, if applicable) meetings with the candidates. Generally this will be one or two trustees and perhaps a staff member, but you may want to broaden this out to include a beneficiary.	
6	Once you have selected the person, offer observation of a board meeting so they can make an informed final decision	
	Appointment	
7	E-mail the new trustee an official letter of appointment (example letters of appointment are in the 'further reading and resources' section below) – file a copy of this.	
8	Complete any relevant recruitment checks, e.g. Disclosure & Barring Service (DBS) check (if relevant), references, right to work in the UK	
9	Ask the new trustee to complete Declarations of Interest and sign Code of Conduct	
10	Conduct own eligibility check through public Insolvency and Disqualified Directors registers in relation to automatic disqualification rules. Ask the trustee to complete the Charity Commission Declaration of Eligibility	
11	Take trustee appointment forward to the board for approval and ensure this is formally minuted	
12	Notify Charity Commission within 14 days of their appointment, by completing the online form through the web-filing portal	
13	(If relevant) Notify Companies House within 14 days through completing AP01 form through the web-filing portal	
14	Give induction pack to new trustee including: annual planner, minutes from last meetings, annual accounts and report, intro to the charity, key personnel, key policies and procedures	
15	(If relevant) Add biography to charity website and keep for internal records	
16	Add trustee's details to Register of Trustees	
17	Add trustee's declaration to Register of Interests and ensure this is also clearly displayed on the website (if relevant)	
18	(If relevant) set up a charity email for the trustee and share guidance on storing of documents etc.	
19	Set up schedule of introductory meetings for the trustee, e.g. with Chair, volunteers, staff	
20	Arrange a review call with the trustee and Chair after the first meeting to check how it's going.	

When a trustee leaves, what process should I follow to 'off-board' them?
When thinking about the start of a trustee term, there may also be a trustee finishing
their term. This checklist reminds you of what's needed when this happens.

No.	Action	Done?
1	Take the resignation/ removal to the Board and ensure it is formally minuted	
2	• Consider the implications of trustee deregistration. If it means the number of trustees will be below the minimum required by the constitution, trustees should also: • Resolve to appoint a new Trustee immediately before the filings are completed to deregister the current Trustee. (Or if absolutely necessary, resolve to amend the constitution to reduce the minimum number of Trustees required). • If it means that the number of Trustees is low and it is likely that a meeting would not be quorate if two Trustees sent apologies, this should be raised with the Board who may wish to appoint a new Trustee • If it means that there will be a defined gap in skills on the Board then the Board may resolve to recruit a new Trustee	
3	If retirement/ resignation - make arrangements for the Trustee's final meeting. The Chair and Board should formally record thanks to the Trustee for their contribution. It may also be appropriate to organise a gift, or meal	
4	If removal/ death – refer to the relevant procedure in the constitution and fulfil within the prescribed time limits	
5	If removal – the Trustee should be given the appropriate opportunities to make representations on their behalf against the decision to remove them from the board	
6	Notify Charity Commission within 14 days through completing online form through the web-filing portal	
7	(if relevant) Notify Companies House within 14 days through TM01 web-filing form	
8	Remove biography from the charity website	
9	Record end of term in Register of Trustees	
10	Remove declaration from Register of Interests and note resignation on the charity's website where significant interests and meeting attendance are displayed	
11	If retirement/ resignation - create, share and file signed end of term letter	
12	• (if relevant) delete charity email address for Trustee • Remove email address from Trustee and other mailing lists and notify relevant staff of appointment completion	

Recommended policies
Employing staff – if you're employing any staff, as outlined in this principle, you will need to make sure '*there are proper arrangements for appointment, supervision, support, appraisal, remuneration and if necessary, dismissal*'. The Charity Commission gives guidance on employing staff here.

If you have staff and volunteers, you will want to think about any risks around health and safety of them and your beneficiaries. General guidance on this can be obtained from the Health and Safety Executive here with guidance on working with volunteers here.

Further reading and resources

Trustee board effectiveness (cgi.org.uk)

Charity trustee recruitment (cgi.org.uk)

Specimen role description for charity trustees (England & Wales) (cgi.org.uk)

Charity trustee eligibility (cgi.org.uk)

Prospective charity trustee due diligence (cgi.org.uk)

Specimen skills register for charity trustees (cgi.org.uk)

Specimen appointment letter for trustee of unincorporated charity (cgi.org.uk)

Specimen letter of appointment for a trustee (director) of a charitable company limited by guarantee (cgi.org.uk)

Charity trustee competence matrix (cgi.org.uk)

Conclusion

This Toolkit for medium-sized charities from the Chartered Governance Institute is designed to be a practical and accessible resource for trustees, staff, and volunteers. Good governance is key to ensuring the sustainability and impact of your charity, and we hope this Toolkit provides the foundational tools and guidance you need. Building a strong governance framework and reflecting on the strategic questions raised in this Toolkit will help foster transparency, accountability, and effectiveness in delivering your charity's mission. We encourage you to adapt these tools to your unique needs and keep evolving as your charity grows.

Thank you for everything you do and good luck!

Glossary
of key terms
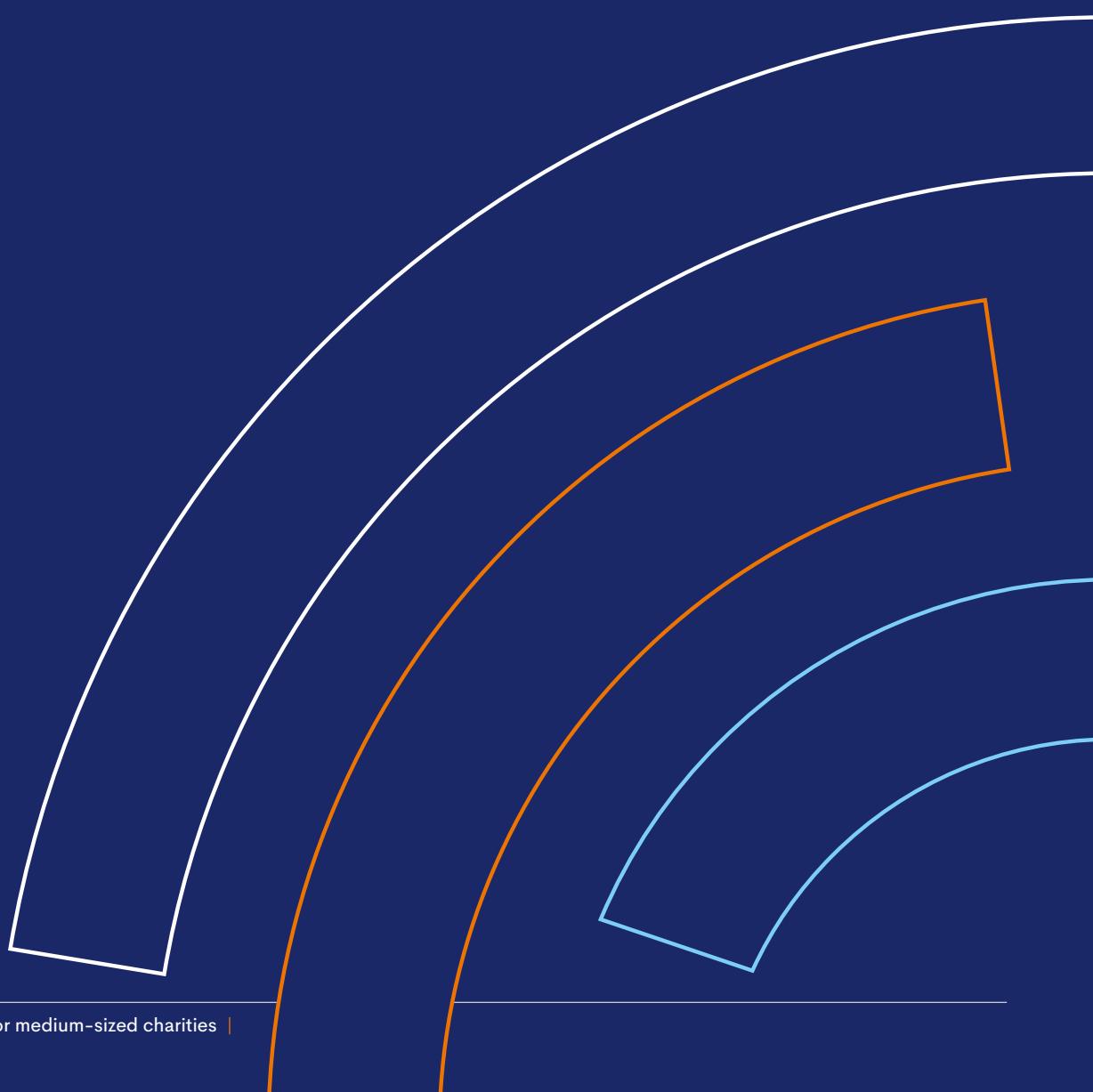
Accountable – accepting responsibility for decisions made and actions taken.

Agenda – an outline of the items to be discussed at a meeting, which will include standard items such as 'apologies for absence', approval of minutes of the last meeting, conflicts of interest, and 'any other business.'

Annual accounts and annual return – the financial statements that provide a picture of a charity's financial position, including incoming and outgoing money and where it has come from and what it has been spent on. All charities must keep accounting records and prepare annual accounts.

Annual General Meeting – this is a formal meeting once a year where charities report on their performance and achievements. It is not necessarily a requirement, but if you have a wider membership it is likely to be required as outlined in your constitution.

Annual Report – this is a report which is published once a year and which tells people about your charity's work over the last year, where you have received money from, and how you have spent it. Examples are available here.

Assurance – the level of confidence that the charity's risk management, governance and internal control processes are operating effectively.

Benchmarking – comparing any or all aspects of the charity's performance against that of other charities, organisations, or external standards and frameworks.

Board – individual trustees make up a 'board' who make decisions and lead the charity as a group. The board takes collective responsibility for the charity.

Chair – the trustee appointed by trustees themselves to lead the board and work with all trustees to develop and oversee the strategy of a charity. They might be supported in this by a vice-chair.

Charitable Incorporated Organisation (CIO) – this is a structure designed for charities. It is a corporate body (like a company) with a constitution that is registered with and regulated by the Charity Commission.

Charitable purpose – what your charity is set up to achieve, how it will achieve this, who will benefit and where (also known as charitable objects). Charitable purposes can be found in your charity's constitution.

Charitable trust – this is a particular structure of charity that is used to protect, and hold, assets for charitable purposes. Grant funding is often managed and provided by a charitable trust.

Code of Conduct – a board agreement about expectations of trustees which is adopted by each trustee when they are appointed and then generally reviewed and adopted by the whole board once a year.

Collective – the board is responsible for making decisions as a whole rather than as individuals. Once those decisions are made, even if a trustee doesn't agree with them, they stand by them and are responsible for them as a group.

Community Interest Company (CIC) – a special type of limited company which exists to benefit the community rather than private shareholders – often known as a 'social enterprise'.

Company Limited by Guarantee (CLG) that is non-profit – a private company that may be used by charities to carry out its work, but where any profits are retained within the company or used for charitable purposes rather than being distributed to their members.

Confidential – in the context of charity governance, trustee meetings are confidential unless otherwise stated and shouldn't be discussed with people outside of the board or those who have attended the meeting. This is particularly the case when talking about people involved in the charity.

Conflicts of interest – there are times when questions might arise about how a charity's money is being used, and whether there is the potential for personal benefit to be derived by a trustee inappropriately (a 'conflict of interest'). At other times, a trustee may hold loyalty to your charity and also another individual or organisation (a 'conflict of loyalty'). An example of a conflict might be if a trustee is related to someone who will access the support of the charity, or if a trustee offers to undertake paid work for the charity.

Conflicts of interest policy – a policy which sets out what a conflict of interest might be and how it should be managed if it arises. A conflict doesn't always mean something should be stopped or refused, it just means it needs to be considered before moving forward (or not). The Institute provides a specimen conflict of interest policy.

Constitution – this is the charity's governing document which sets out the charity's purposes, powers and how it's run – templates are available on the Charity Commission website. (A constitution is also known as 'articles of association for some structures, such as a charitable company or trust).

Consultation – process of gathering feedback from stakeholder to find out what they think before making a decision.

Delegate – entrusting, empowering, or authorising another person or group to carry out a task or responsibility on the board's behalf.

Dissolution – the process of formally closing down an organisation.

Diversity – what makes each of us unique, including our backgrounds, personality, life experiences and beliefs, all the things that make us who we are. It is a combination of our differences that shape our view of the world, our perspective and our approach. When considering 'skills and experiences' in the recruitment and appointment of key people, diversity of skills is important, and value should also be given to diversity of background and life experience rather than just work experience.

Equality – ensuring that every individual has an equal opportunity to make the most of their life and talents. It is the belief that no one should have poorer life chances because of the way they were born, where they come from, what they believe, or whether they have a disability. Equality recognises that certain groups of people with protected characteristics such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation might face discrimination or disadvantage, and it seeks to create fair opportunities and treatment for all.

Equity – acknowledging that not everyone comes from the same starting point and that there should be measures in place to adjust existing imbalances. For example, supporting people with accessibility requirements or learning and development to ensure that that people are being properly supported to reach their full potential.

External audit – this is an independent review of a charity's financial accounts by a registered auditor. If a charity's annual income is over £25,000 trustees must arrange for an audit or independent examination by an independent person or accountancy firm. If a charity's income is over £1m, then an external audit must be conducted. Guidance from the Charity Commission is here.

Governance – the Institute defines governance as: 'governance is a system that provides a framework for managing organisations. It identifies who can make decisions, who has the authority to act on behalf of the organisation and who is accountable for how an organisation and its people behave and perform'.

Impact – the ultimate result of the activities of a charity.

Inclusion – an organisational effort to embed practices in which groups or individuals having different backgrounds are culturally and socially accepted and welcomed, and equally treated. Inclusive workplace cultures make people feel respected and valued for who they are as an individual or group. Inclusion often means a shift in an organisation's mind-set and culture that has visible effects, such as participation in meetings, how offices are physically organised or access to particular facilities or information. Evidence shows that when people feel valued, they function at full capacity and feel part of the organisation's mission.

Induction – the process by which a new trustee or staff member is welcomed to the charity, including what information they receive, who they meet, and the practical guidance they get.

Integrity – the quality of being honest and trustworthy and acting in the best interests of the charity and those it serves.

Lived experience – the experience(s) of people on whom a social issue, or a combination of issues, has had a direct impact.

Marginalised groups – people with protected characteristics who experience discrimination which has prevented them from participating in opportunities that should have been presented to them socially, educationally, economically or culturally.

Merger – the formal process of joining up with another organisation to become one.

Minutes – a written summary of key points made, and decisions taken in a meeting.

Mission – a short statement describing the charity's fundamental purpose, which is the reason you exist. Operational oversight – breaks down those strategic goals into day-to-day activities and shorter-term objectives.

Outcomes – what happens when outputs are delivered, e.g. improved health and wellbeing of the older people who participate in the exercise sessions.

Outputs – the goods or services that a charity delivers, e.g. exercise sessions for older people.

Policy framework – a document which summarises what policies a charity has in place, who they are approved by and when they will be reviewed.

Public benefit – this is a term used by the Charity Commission to make sure charities are truly charitable. It means that a charity must be able to show how it will benefit the public in general or a section of the public more specifically. Most importantly any personal benefit must be incidental.

Quorate – the number of trustees that need to be present to be able to make a decision – this is generally either a third or a half of the total number on the board but needs to be thought about carefully in the context of the charity.

Register of interest – a combined list of all trustee declarations of interest and the dates they were declared.

Reserves – an accumulation of funds for a future purpose. There are different types of financial reserves.

Risk appetite – the amount and type of risk that an organisation is willing to take to meet their strategic objectives.

Risk tolerance – the level of risk that an organisation can accept for a particular risk, or the amount of overall risk that an organisation can cope with.

Skills audit – a way (usually a short form filled in by trustees) in which the existing skills and knowledge of trustees, as well as any skills that the board might be lacking, can be assessed and understood.

Stakeholders – anyone who has an involvement or interest in the charity and whose views one would want to listen to. This could be someone who uses the services; a staff member; a volunteer; a friend or family member of a user; local community groups, businesses or individuals; a donor; or a public sector partner such as the local authority or NHS.

Strategic oversight – a charity's long-term direction and goals, considering the charity's context, wider social or political trends, organisational needs, the charity's finances, and internal resources.

Strategy – this defines the overarching priorities for the charity, what you want to achieve and how you will do this. It generally takes the form of a written document which is agreed by the board, and which is referred to at board meetings and by those managing the charity to guide their day-to-day planning and delivery.

Succession – planning for what happens when a trustee or chair leaves – either as a result of their term of office ending or an unexpected resignation or departure.

Sustainability – the ability of a charity to continue to exist in the long term. Not to be confused with environmental sustainability which is about what actions the charity takes to ensure that is meeting the needs of its current users without impacting on future generations.

Terms of office – the length of time a trustee or chair is appointed for. This should be logged on a trustee register as well as on the charity's entry on the Charity Commission website.

Terms of reference – a document which is reviewed annually and which states expectations and ways of working for the board and (if relevant) its committees.

Theory of change – a description of how the charity's activities will enable the long term intended impact

Training – the ways in which a trustee can build their ongoing knowledge about the charity and governance more broadly.

Trustee – these are the volunteers who take responsibility for the charity and make decisions on its behalf. They are ultimately accountable for how the charity is run and what it does. Together they form a Board.

Turnover – the amount of income or revenue generated by a charity.
Unconscious bias – automatic, unintentional stereotypes or judgements people make about others based on factors like race, gender, age or appearance.

Values – the ideals and core behaviours that set out what the charity and people who work within the charity stand for. Examples of these might include integrity, respect, collaboration, and inclusivity.

Vision – a statement setting out your aspirations for the future, and an ambitious declaration about the difference you want to make.

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