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| **Principle 1 – Organisational Purpose**: The board is clear about the charity’s aims and ensures that these are being delivered effectively and sustainably. | |
| **Rationale**  Charities exist to fulfil their charitable purposes. Trustees have a responsibility to understand the environment in which the charity is operating and to lead the charity in fulfilling its purposes as effectively as possible with the resources available. To do otherwise would be failing beneficiaries, funders and supporters.  The board’s core role is a focus on strategy, performance and assurance. | **Key outcomes**  **1.1** The board has a shared understanding of and commitment to the charity’s purposes and can articulate these clearly.  **1.2** The board can demonstrate that the charity is effective in achieving its charitable purposes and agreed outcomes. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **1.3** Determining organisational purpose | | |
| **1.3.1** The board periodically reviews the organisation’s charitable purposes, and the external environment in which it works, to make sure that the charity, and its purposes, stay relevant and valid. |  |  |
| **1.3.2** The board leads the development of, and agrees, a strategy or plan that aims to achieve the organisation’s charitable purposes and is clear about the desired outputs, outcomes and impacts. |  |  |
| **1.4** Achieving the purpose | | |
| **1.4.1** All trustees can explain the charity’s public benefit. |  |  |
| **1.4.2** The board evaluates the charity’s impact by measuring and assessing results, outputs and outcomes. |  |  |
| **1.5** Analysing the external environment and planning for sustainability | | |
| **1.5.1**The board regularly reviews the sustainability of its income sources and business models and their impact on achieving charitable purposes in the short, medium and longer term. |  |  |
| **1.5.2** Trustees consider the benefits and risks of partnership working, merger or dissolution if other organisations are fulfilling similar charitable purposes more effectively and/or if the charity’s viability is uncertain. |  |  |
| **1.5.3** The board recognises its broader responsibilities towards communities, stakeholders, wider society and the environment, and acts on them in a manner consistent with the charity’s purposes, values, and available resources. |  |  |

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| **Principle 2 – Leadership**: Every charity is headed by an effective board that provides strategic leadership in line with the charity’s aims and values. | |
| **Rationale**  Strong and effective leadership helps the charity adopt an appropriate strategy for effectively delivering its aims. It also sets the tone for the charity, including its vision, values and reputation. | **Key outcomes**  **2.1** The board, as a whole, and trustees individually, accept collective responsibility for ensuring that the charity has a clear and relevant set of aims and an appropriate strategy for achieving them.  **2.2** The board agrees the charity’s vision, values and reputation and leads by example, requiring anyone representing the charity reflects its values positively.  **2.3** The board makes sure that the charity’s values are reflected in all of its work, and that the ethos and culture of the organisation underpin the delivery of all activities. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **2.4** Leading the charity | | |
| **2.4.1** The board and individual trustees take collective responsibility for its decisions. |  |  |
| **2.4.2** The chair provides leadership to the board with prime responsibility for ensuring it has agreed priorities, appropriate structures, processes and a productive culture and has trustees and senior staff who are able to govern well and therefore add value to the charity. |  |  |
| **2.4.3** In the case of the most senior member of staff (e.g. CEO) the board makes sure that there are proper arrangements for their appointment, supervision, support, appraisal, remuneration and, if necessary, dismissal. |  |  |
| **2.4.4** The boards functions are formally recorded. There are role descriptions defining responsibilities for all trustees that differentiate clearly those of the chair and other officer positions and outline how these roles relate to staff. |  |  |
| **2.4.5** Where the board has agreed to establish a formally constituted subsidiary organisation/s, it is clear about the rationale, benefits and risks of these arrangements. The formal relationship between the parent charity and each of its subsidiaries is clearly recorded and the parent reviews, at appropriate intervals, whether these arrangements continue to best serve the organisation’s charitable purposes. |  |  |
| **2.5** Leading by example | | |
| **2.5.1** The board agrees the values, consistent with the charity’s purpose, that it wishes to promote and makes sure that these values underpin all its decisions and the charity’s activities (see also Principle 1). | Business Plan  Grant Giving Strategy |  |
| **2.5.2** The board recognises, respects and welcomes diverse, different and, at times, conflicting trustee views. |  |  |
| **2.5.3** The board provides oversight and direction to the charity and support and constructive challenge to the organisation, its staff and, in particular, the most senior member of staff. |  |  |
| **2.5.4** The board through its relationship with the senior member of staff, creates the conditions in which the charity’s staff are confident and enabled to provide the information, advice and feedback necessary to the board. |  |  |
| **2.6** Commitment | | |
| **2.6.1** All trustees give sufficient time to the charity to carry out their responsibilities effectively. This includes preparing for meetings and sitting on board committees and other governance bodies where needed.  The expected time commitment is made clear to trustees before nomination or appointment and again on acceptance of nomination or appointment. |  |  |
| **2.6.2** Where individual board members are also involved in operational activities, for example as volunteers, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report. |  |  |

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| **Principle 3 – Integrity**: The board acts with integrity, adopting values and creating a culture which helps achieve the organisation’s charitable purposes. The board is aware of the importance of the public’s confidence and trust in charities, and trustees undertake their duties accordingly. | |
| **Rationale**  Trustees, and the board members collectively, have ultimate responsibility for the charity’s funds and assets, including its reputation. Trustees should maintain the respect of beneficiaries, other stakeholders and the public by behaving with  integrity, even where difficult or unpopular decisions are required. Not doing this risks bringing the charity and its work into disrepute. | **Key outcomes**  **3.1** The board acts in the best interests of the charity and its beneficiaries. The board is not unduly influenced by those who may have special interests and places the interests of the charity before any personal interest. This applies whether trustees are elected, nominated, or appointed. Collectively, the board is independent in its decision making.  **3.2** The board safeguards and promotes the charity’s reputation and, by extension, promotes public confidence in the wider sector.  **3.3** Members of the board and those working in or representing the organisation are seen to be acting with integrity, and in line with the values of the charity. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **3.4** Maintaining the charity’s reputation | | |
| **3.4.1** Trustees adopt and adhere to a suitable code of conduct that sets out expected standards of probity and behaviour. |  |  |
| **3.4.2** The board considers how the charity is perceived by other people, and organisations involved with the charity and the public. It makes sure that the charity operates responsibly and ethically, in line with its own aims and values. |  |  |
| **3.4.3** The board ensures that the charity follows the law. It also considers adherence to non-binding rules, codes and standards, for example relevant regulatory guidance, the ‘Nolan Principles’ and other initiatives that promote confidence in charities. |  |  |
| **3.5** Identifying, dealing with and recording conflicts of interest/loyalty | | |
| **3.5.1** The board understands how real and perceived conflicts of interests and conflicts of loyalty can affect a charity’s performance and reputation. |  |  |
| **3.5.2** Trustees disclose any actual or potential conflicts to the board, and deal with these in line with the charity’s governing document, and a regularly reviewed conflicts of interest policy. |  |  |
| **3.5.3** Registers of interests, hospitality and gifts are kept and made available to stakeholders in line with the charity’s agreed policy on disclosure. |  |  |
| **3.5.4** Trustees keep their independence and tell the board if they feel influenced by any interest, or may be perceived as being influenced or to having a conflict. |  |  |

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| **Principle 4 – Decision making, risk and control**: The board makes sure that its decision-making processes are informed, rigorous  and timely, and that effective delegation, control and risk-assessment, and management systems are set up and monitored. | |
| **Rationale**  The board is ultimately responsible for the decisions and actions of the charity but it cannot and should not do everything. The board may be required by statute or the charity’s governing document to make certain decisions but, beyond this, it needs to decide which other matters it will make decisions about and which it can and will delegate.  Trustees delegate authority but not ultimate responsibility, so the board needs to implement suitable financial and related controls and reporting arrangements to make sure it oversees these delegated matters. Trustees must also identify and assess risks and opportunities for the organisation and decide how best to deal with them, including assessing whether they are manageable or worth taking. | **Key outcomes**  **4.1** The board is clear that its main focus is on strategy, performance and assurance, rather than operational matters, and reflects this in what it delegates.  **4.2** The board has a sound decision-making and monitoring framework which helps the organisation deliver its charitable purposes. It is aware of the range of financial and non-financial risks it needs to monitor and manage.  **4.3** The board promotes a culture of sound management of resources but also understands that being over-cautious and risk averse can itself be a risk and hinder innovation.  **4.4** Where aspects of the board’s role are delegated to committees, staff, volunteers or contractors, the board keeps responsibility and oversight. |

| **Recommended Practice** | **Evidence of application / explanation** | | **Areas for improvement / implementation** | |
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| **4.5** Delegation and control | | | | |
| **4.5.1** The board regularly reviews which matters are reserved to the board and which can be delegated. It collectively exercises the powers of delegation to senior managers, committees or individual trustees, staff or volunteers. |  | |  | |
| **4.5.2** The board describes its ‘delegations’ framework in a document which provides sufficient detail and clear boundaries so that the delegations can be clearly understood and carried out. Systems are in place to monitor and oversee how delegations are exercised. |  | |  | |
| **4.5.3** The board makes sure that its committees have suitable terms of reference and membership and that:  **◼** the terms of reference are reviewed regularly  **◼** the committee membership is refreshed regularly and does not rely too much on particular people. |  | |  | |
| **4.5.4** Where a charity uses third party suppliers or services – for example for fundraising, data management or other purposes – the board assures itself that this work is carried out in the interests of the charity and in line with its values and the agreement between the charity and supplier. The board makes sure that such agreements are regularly reviewed to make sure they are still appropriate. | |  | |  |
| **4.5.5** The board regularly reviews the charity’s key policies and procedures to ensure that they continue to support, and are adequate for, the delivery of the charity’s aims. This includes: policies and procedures dealing with board strategies, functions and responsibilities, finances (including reserves), service or quality standards, good employment practices and encouraging and using volunteers, as well as key areas of activity such as fundraising and data protection. | |  | |  |
| **4.6** Managing and monitoring organisational performance | | | | |
| **4.6.1** Working with senior management,the board ensures that operational plans and budgets are in line with the charity’s purposes, agreed strategic aims and available resources. | |  | |  |
| **4.6.2** The board regularly monitors performance using a consistent framework and checks performance against the charity’s strategic aims, operational plans and budgets. It has structures in place to hold staff to account and support them in meeting these goals. | |  | |  |
| **4.6.3** The board agrees with senior management what information is needed to assess delivery against agreed plans, outcomes and timescales. Information should be timely, relevant, accurate and provided in an easy to understand format. | |  | |  |
| **4.6.4** The board regularly considers information from other similar organisations to compare or benchmark the organisation’s performance. | |  | |  |
| **4.7** Actively managing risks | | | | |
| **4.7.1** The board retains overall responsibility for risk management and discusses and decides the level of risk it is prepared to accept for specific and combined risks. | |  | |  |
| **4.7.2** The board regularly reviews the charity’s specific significant risks and the cumulative effect of these risks. It makes plans to mitigate and manage these risks appropriately. | |  | |  |
| **4.7.3** The board puts in place and regularly reviews the charity’s process for identifying, prioritising, escalating and managing risks and, where applicable, the charity’s system of internal controls to manage these risks. The board reviews the effectiveness of the charity’s approach to risk at least every year. | |  | |  |
| **4.7.4** The board describes the charity’s approach to risk in its annual report and in line with regulatory requirements. | |  | |  |
| **4.8** Appointing external examiners or auditors | | | | |
| **4.8.1** The board agrees and oversees an effective process for appointing and reviewing auditors, taking advice from an audit committee if one exists. | |  | |  |
| **4.8.2** Where the charity has an audit committee, its chair has recent and relevant financial experience and the committee includes at least two trustees. | |  | |  |
| **4.8.3** The board, or audit committee, has the opportunity to meet the auditors without paid staff present at least once a year. | |  | |  |
| **4.8.4** Arrangements are in place for a body, such as the audit committee, to consider concerns raised in confidence about alleged improprieties, misconduct or wrongdoing. This includes concerns raised by ‘whistle blowing’. Arrangements are also in place for appropriate and independent investigation and follow-up action. | |  | |  |

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| **Principle 5 – Board effectiveness:** The board works as an effective team, using the appropriate balance of skills,  experience, backgrounds and knowledge to make informed decisions. | |
| **Rationale**  The board has a key impact on whether a charity thrives. The tone the board sets through its leadership, behaviour, culture and overall performance is critical to the charity’s success. It is important to have a rigorous approach to trustee recruitment, performance and development, and to the board’s conduct. In an effective team, board members feel it is safe to suggest, question and challenge ideas and address, rather than avoid, difficult topics. | **Key outcomes**  **5.1** The board’s culture, behaviours and processes help it to be effective; this includes accepting and resolving challenges or different views.  **5.2** All trustees have appropriate skills and knowledge of the charity and can give enough time to be effective in their role.  **5.3** The chair enables the board to work as an effective team by developing strong working relationships between members of the board and creates a culture  where differences are aired and resolved.  **5.4** The board takes decisions collectively and confidently. Once decisions are made the board unites behind them and accepts them as binding. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **5.5** Working as an effective team | | |
| **5.5.1** The board meets as often as it needs to be effective. |  |  |
| **5.5.2** The chair, working with board members and staff, plans the board’s work and its meetings, making sure trustees have the necessary information, time and space to explore key issues and reach well-considered decisions, so that board time is well-used. |  |  |
| **5.5.3** The board has a vice-chair or similar who provides a sounding board for the chair and serves as an intermediary for the other trustees if needed. |  |  |
| **5.5.4** The board regularly discusses its effectiveness and its ability to work together as a team, including individuals’ motivations and expectations about behaviours. Trustees take time to understand each other’s motivations to build trust within the board and the chair asks for feedback on how to foster an environment where trustees can constructively challenge each other. |  |  |
| **5.5.5** Where significant differences of opinion arise, trustees take time to consider the range of perspectives and outcomes, respecting all viewpoints and the value of compromise in board discussions. |  |  |
| **5.5.6** The board collectively receives specialist in-house or external governance advice and support. The board can access independent professional advice, such as legal or financial advice, at the charity’s expense if needed for the board to discharge its duties. |  |  |
| **5.6** Reviewing the board’s composition | | |
| **5.6.1** The board has, and regularly considers, the skills, knowledge and experience it needs to govern, lead and deliver the charity’s purposes effectively. It reflects this mix in its trustee appointments, balancing the need for continuity with the need to refresh the board. |  |  |
| **5.6.2** The board is big enough that the needs of the charity’s work can be carried out and changes to the board ’s composition can be managed without too much disruption. A board of at least five but no more than twelve trustees is typically considered good practice. |  |  |
| **5.7** Overseeing appointments | | |
| **5.7.1** There is a formal, rigorous and transparent procedure to appoint new trustees to the board, which includes advertising vacancies widely. |  |  |
| **5.7.2** The search for new trustees is carried out, and appointments or nominations for election are made, on merit against objective criteria and considering the benefits of diversity on the board. Regular skills audits inform the search process. |  |  |
| **5.7.3** The charity considers using a nominations committee to lead the board-appointment process and to make recommendations to the board. |  |  |
| **5.7.4** Trustees are appointed for an agreed length of time, subject to any applicable constitutional or statutory provisions relating to election and re-election. If a trustee has served for more than nine years, their reappointment is:  **◼** subject to a particularly rigorous review and takes into account the need for progressive refreshing of the board  **◼** explained in the trustees’ annual report. |  |  |
| **5.7.5** If a charity’s governing document provides for one or more trustees to be nominated and elected by a wider membership, or elected by a wider membership after nomination or recommendation by the board, the charity supports the members to play an informed role in these processes. |  |  |
| **5.8** Developing the board | | |
| **5.8.1** Trustees receive an appropriately resourced induction when they join the board. This includes meetings with senior management and covers all areas of the charity’s work. Trustees are given the opportunity to have ongoing learning and development. |  |  |
| **5.8.2** The board reviews its own performance and that of individual trustees, including the chair. This happens every year, with an external evaluation every three years. Such evaluation typically considers the board’s balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness. |  |  |
| **5.8.3** The board explains how the charity reviews or evaluates the board in the governance statement in the trustees’ annual report. |  |  |

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| **Principle 6 – Diversity:** The board’s approach to diversity supports its effectiveness, leadership and  decision making. | |
| **Rationale**  Diversity, in the widest sense, is essential for boards to stay informed and responsive and to navigate the fast-paced and complex changes facing the voluntary sector. Boards whose trustees have different backgrounds and experience are more likely to encourage debate and to make better decisions. The term ‘diversity’ includes the nine protected characteristics of the Equality Act 2010 as well as different backgrounds, life experiences, career paths and diversity of thought. Boards should try to recruit people who think in different ways, as well as those who have different backgrounds. | **Key outcomes**  **6.1** The board is more effective if it includes a variety of perspectives, experiences and skills.  **6.2** The board ensures that the charity follows principles of equality and diversity, going beyond the legal minimum where appropriate. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **6.3** Encouraging inclusive and accessible participation | | |
| **6.3.1** The board periodically takes part in training and/or reflection about diversity and understands its responsibilities in this area. |  |  |
| **6.3.2** The board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity’s available resources. This could include looking at:  **◼** the time, location and frequency of meetings  **◼** how papers and information are presented to the board, for example using digital technology  **◼** offering communications in formats such as audio and Braille  **◼** paying reasonable expenses  **◼** where and how trustee vacancies are publicised and the recruitment process. |  |  |
| **6.3.3** The chair regularly asks for feedback on how meetings can be made more accessible and how to create an environment where trustees can constructively challenge each other and all voices are equally heard. |  |  |
| **6.4** Recruiting diverse trustees | | |
| **6.4.1** The board regularly carries out an audit of skills, experience and diversity of background of its members to find imbalances and gaps and inform trustee recruitment and training**.** |  |  |
| **6.4.2** The board sees diversity, in all its forms, as an integral part of its regular board reviews. The board recognises the value of a diverse board and has suitable diversity objectives. |  |  |
| **6.4.3** When deciding how to recruit trustees, the board thinks about how to attract a diverse pool of candidates. It tries to have diversity in any trustee appointment panels. |  |  |
| **6.5** Monitoring and reporting on diversity | | |
| **6.5.1** Trustees ensure that there are plans in place to monitor and achieve the board’s diversity objectives. |  |  |
| **6.5.2**. The board publishes an annual description of what it has done to address the diversity of the board and the charity’s leadership and its performance against its diversity objectives, with an explanation where they have not been met. |  |  |

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| **Principle 7 – Openness and accountability:** The board leads the organisation in being transparent and accountable. | |
| **Rationale**  The public’s trust that a charity is delivering public benefit is fundamental to its reputation and success, and by extension, the success of the wider sector. Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build this trust and confidence and earn legitimacy. | **Key outcomes**  **7.1** The organisation’s work and impact are appreciated by all its stakeholders.  **7.2** The board ensures that the charity’s performance and interaction with its stakeholders are guided by the values, ethics and culture put in place by the board. Trustees make sure that the charity collaborates with stakeholders to promote ethical conduct.  **7.3** The charity takes seriously its responsibility for building public trust and confidence in its work.  **7.4** The charity is seen to have legitimacy in representing its beneficiaries and stakeholders. |

| **Recommended Practice** | **Evidence of application / explanation** | **Areas for improvement / implementation** |
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| **7.5** Communicating and consulting effectively with stakeholders | | |
| **7.5.1** The board identifies the key stakeholders with an interest in the charity’s work. These might include users or beneficiaries, staff, volunteers, members, donors, suppliers, local communities and others. |  |  |
| **7.5.2** The board makes sure that there is a strategy for regular and effective communication with these stakeholders about the charity’s purposes, values, work and achievements, including information that enables them to measure the charity’s success in achieving its purposes. |  |  |
| **7.5.3** As part of this strategy, the board thinks about how best to communicate how the charity is governed, who the trustees are and the decisions they make. |  |  |
| **7.5.4** The board ensures that stakeholders have an opportunity to hold the board to account through agreed processes and routes, for example question and answer sessions. |  |  |
| **7.5.5** The board makes sure there is suitable consultation with stakeholders about significant changes to the charity’s services or policies. |  |  |
| **7.6** Developing a culture of openness within the charity | | |
| **7.6.1** The board gets regular reports on the positive and negative feedback and complaints given to the charity. It demonstrates that it learns from mistakes and uses this learning to improve performance and internal decision making. |  |  |
| **7.6.2** The board makes sure that there is a transparent, well-publicised effective, and timely process for making and handling a complaint, and that any internal or external complaints are handled constructively, impartially and effectively. |  |  |
| **7.6.3** The board keeps a register of interests for trustees and agrees an approach for how these are communicated publicly in line with Principle 3. |  |  |
| **7.6.4** Trustees publish the process for setting the remuneration of senior staff, and their remuneration levels, on the charity’s websites and in its annual report. |  |  |
| **7.7** Member engagement | | |
| **7.7.1** In charities where trustees are appointed by an organisational membership wider than the trustees, the board makes sure that the charity:  **◼** has clear policies on who can be a member of the charity  **◼** has clear, accurate and up-to-date membership records  **◼** tells members about the charity’s work  **◼** looks for, values and takes into account members’ views on key issues  **◼** is clear and open about the ways that members can participate in the charity’s governance, including, where applicable, serving on committees or being elected as trustees. |  |  |