

Key principles of good governance for LCET

1. Board leadership

Every organisation should be led and controlled by an effective Board of trustees which collectively ensures delivery of its objects, sets its strategic direction and upholds its values.

2. The Board in control

The trustees as a Board should collectively be responsible and accountable for ensuring and monitoring that LCET is performing well, is solvent, and complies with all its obligations.

3. The high performance Board

The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.

4. Board review and renewal

The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.

5. Board delegation

The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.

6. Board and trustee integrity

The Board and individual trustees should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.

7. The open Board

The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.

1. Board Leadership

The role of the Board

Trustees have and must accept ultimate responsibility for directing the affairs of LCET, ensuring it is solvent, well-run, and delivering the outcomes for which it has been set up.

1.1 The Board in its leadership role takes responsibility for and does not delegate:

- (a) ensuring compliance with the objects, purposes and values of LCET, and with its governing document;
- (b) setting or approving policies, plans and budgets to achieve those objectives, and monitoring performance against them;
- (c) ensuring the solvency, financial strength and good performance of LCET;
- (d) ensuring that LCET complies with all relevant laws, regulations and requirements of its regulators;
- (e) dealing with the appointment (and if necessary the dismissal) of the LCET's chief executive;
- (f) setting and maintaining a framework of delegation and internal control; and
- (g) agreeing or ratifying all policies and decisions on matters which might create significant risk to LCET, financial or otherwise.

1.2 The Board will ensure that LCET's vision, mission and values and activities remain true to its objects.

1.3 Trustees are bound by an overriding duty, individually and as a Board, to act reasonably at all times in the interests of LCET and of its present and future beneficiaries or members.

1.4 All trustees are equally responsible in law for the Board's actions and decisions, and have equal status as trustees.

1.5 Each and every trustee must act personally, and not as the representative of any group or organisation; this applies regardless of how that person was nominated, elected or selected to become a trustee.

1.6 The trustees must ensure that they remain independent, and do not come under the control of any external organization, including any churches or other funding bodies, or individual.

Strategic direction

Trustees should focus on the strategic direction of LCET, and avoid becoming involved in day to day operational decisions and matters. Where trustees do need to become involved in operational matters, they should separate their strategic and operational roles.

1.7 The chief executive has responsibility for maintaining a clear division of responsibilities between the Board and the staff team. She or he should provide an effective link between Board and staff, informing and implementing the strategic decisions of the Board.

1.8 Trustees should not seek to become directly involved in decisions that have been properly delegated to staff. Instead, they should hold staff to account through the chief executive.

1.9 Should a trustee be involved in a sub-committee or be directly involved in operational decisions and matters, he or she should make a clear distinction between their trustee role and their operational work.

2. The Board in Control

Compliance

The Board must ensure that LCET complies with its own governing document, relevant laws, and the requirements of any regulatory bodies.

2.1 The Board must ensure that LCET complies with:

- (a) its own governing document;
- (b) the requirements of its regulators and relevant legislation, and in particular that it submits annual returns, reports and accounts as required by law;
- (c) any statutory or regulatory requirements relating to maintenance of financial records, and external audit of its accounts; and
- (d) the requirements of all other statutes, authorities and regulations governing its work.

2.2 The Board must ensure compliance with the following:

- (a) charity law and the requirements of the Charity Commission;
- (b) company law and the requirements of Companies House;
- (d) employment law;
- (e) health and safety legislation;
- (f) data protection legislation;
- (g) legislation against discrimination on grounds of race, disability, gender and other factors

2.3 The Board should have policies, procedures and reporting mechanisms in place to ensure compliance with applicable legislation.

Internal controls

The Board should maintain and regularly review LCET's system of internal controls, performance reporting, policies and procedures.

2.5 The Board should set and maintain standing orders, systems of financial control, internal control, performance reporting, and policies and procedures.

2.6 The Board should ensure that there is a system for the regular review of the effectiveness of its internal controls.

Managing risk

The Board must act prudently to protect the assets and property of LCET, and ensure that they are used to deliver the LCET's objectives. The Board must regularly review the risks to which LCET is subject, and take action to mitigate risks identified.

2.8 The Board must avoid undertaking activities which might place at undue risk LCET's service users, beneficiaries, volunteers, staff, property, assets or reputation.

2.9 The Board must exercise special care when investing LCET's funds, or borrowing funds for it to use, and must comply with LCET's governing document and any other legal requirements in doing so.

2.10 Trustees should understand the risks facing LCET and how these are managed and minimised.

2.11 The Board should obtain advice from others including professional advisors on all matters where there may be material risk to LCET, or where the trustees may be in breach of their duties.

2.12 The Board should take ultimate responsibility for dealing with and managing conflicts that may arise within LCET. This includes conflicts arising between trustees, staff, the chief executive, members, volunteers or service users.

2.13 The Board should have a whistleblowing policy and procedures to allow confidential reporting of matters of concern. The policy and procedures should be accessible and open to all staff, volunteers, trustees and agents of LCET;

Equality and diversity

The Board should ensure that it upholds and applies the principles of equality and diversity, and that LCET is fair and open to all sections of the community in all of its activities.

2.14 The Board should ensure that LCET upholds and promotes equal opportunities and diversity in all areas of its work, including:

- (a) the identification and assessment of needs to be met;
- (b) allocation of resources, making of grants or provision of services;
- (c) membership of the Board and any sub-committees;
- (d) staff recruitment, selection, training and conditions of service;
- (e) communication with stakeholders and the public;
- (f) accessibility of meetings and communications; and
- (g) the buying of goods and services.

3. The High Performance Board

Trustee duties and responsibilities

Trustees should understand their duties and responsibilities and should have a statement defining them.

3.1 All trustees should be asked to sign and return a statement or letter setting out their duties and responsibilities, and the expectations of LCET on trustees.

3.2 The letter should, as a minimum, include obligations to:

- (a) uphold the values and objectives of LCET;
- (b) give adequate time and energy to the duties of being a trustee; and
- (c) act with integrity, and avoid or declare personal conflicts of interest.

3.3 Individual trustees must not act on their own on behalf of the Board, or on the business of LCET, without proper authority from the Board.

The effective Board

The Board should organise its work to ensure that it makes the most effective use of the time, skills and knowledge of trustees.

3.4 The Board should meet regularly, and ensure that its work is focused on delivering its strategic role.

3.5 Within the terms of its governing document, the Board should ensure that it has enough trustees to provide the skills and experience needed, without becoming so large that decision-making becomes unwieldy. The Board is quorate when a minimum of one third of trustees are present.

3.6 The Chair of the Board should ensure that all trustees can contribute at meetings, and that the proceedings are not dominated by particular trustees.

Information and advice

Trustees should ensure that they receive the advice and information they need in order to make good decisions.

3.7 The Board should ensure that it conducts its work efficiently, and receives the information and advice it needs to make good decisions. Board papers should be timely, well-presented, circulated well in advance of Board meetings, and should make clear recommendations to the Board.

3.8 The Board should take professional advice where necessary before making important decisions and should not rely excessively or exclusively on a single source.

Skills and experience

The trustees should have the diverse range of skills, experience and knowledge needed to run LCET effectively.

3.9 The trustees should collectively provide a mix of skills, experience, age, Christian denominational representation, qualities and knowledge appropriate to LCET and its beneficiaries' needs, and so that LCET can respond to the challenges and opportunities it faces.

3.10 The experience of trustees should cover the following areas:

- (a) providing effective strategic leadership, and working as a team;
- (b) direct knowledge of LCET's beneficiaries and users, and of their needs and aspirations, whether gained through life or work experience;
- (c) governance, general finance, business and management;
- (d) human resources and diversity;
- (e) the operating environment and risks that exist for LCET; and
- (f) other specific knowledge required, such as fundraising, health, social services, property or legal.

3.11 The Board should aim to have a diverse group of trustees, broadly representative of the community and membership it serves.

3.12 The Boards should be open to trustee membership from its beneficiaries unless there are clear legal or other reasons why this is not practicable.

3.13 Staff of LCET may only become trustees where this is permitted by law and by LCET's governing document. It should also be agreed by the Board as being demonstrably in the interests of LCET, and as not creating unacceptable conflicts of interest. A staff trustee should not chair the organization; staff trustees should be in a minority on the Board.

Development and support

Trustees should ensure that they receive the necessary induction, training and ongoing support needed to discharge their duties.

3.14 The Board should have a strategy for the support and personal development of all trustees, so that each trustee can keep up to date with the knowledge and skills they need to carry out their role.

3.15 All new trustees should undergo a full induction, in which they receive all the information and support they need to carry out their new role, and can meet key staff, users and beneficiaries, and other stakeholders.

3.16 Implementation of these strategies may be delegated by the Board to LCET's chief executive or secretary.

The Chief Executive

The Board should make proper arrangements for the supervision, support, appraisal and remuneration of its chief executive.

3.17 The Board should ensure that formal arrangements are set up for the regular supervision, appraisal and personal development of their chief executive. This may be carried out by the chair, another trustee or by a small group of trustees.

3.18 The Board should ensure that there is a formal mechanism for setting the remuneration of the chief executive, which should be ratified by the Board.

3.19 The remuneration package for the chief executive should be adequate to attract and retain the quality of staff required, but no more whilst being benchmarked to comparable positions;

3.20 The Board should seek independent expert or professional advice when required concerning sensitive matters relating to the chief executive's employment.

4. The Board Review and Renewal

Performance appraisal

The Board should regularly review and assess its own performance, that of individual trustees, and of sub-committees, standing groups and other bodies.

4.1 The Board should ensure that:

- (a) at least every two years, it sets aside time to reflect on its own performance and functioning as a team;
- (b) the performance of individual trustees is by self appraisal, facilitated within a board meeting/retreat;
- (c) the performance of the chair is likewise assessed by an external peer mentor; and
- (d) the performance of sub-committees is similarly appraised and reviewed.

4.2 The results of these appraisals should be used to make necessary changes and improvements, to inform the creation of appropriate training programmes, and to guide trustee renewal and recruitment.

Renewal and commitment

The Board should have a strategy for its own renewal. Recruitment of new trustees should be open, and focused on creating a diverse and effective Board.

4.3 The Board should have a strategy for its own renewal, with succession planning arrangements in place to ensure timely replacement of trustees resigning or reaching the end of their terms of office; particular attention should be given to succession planning for replacement of the chair and other honorary officers.

4.4 The Board may wish to delegate implementation of this strategy to a sub-committee or panel.

4.5 Trustees must be recruited and appointed in accordance with LCET's governing document, and with relevant legislation.

4.6 The Board has maximum terms of office as set out in the Memorandum and Articles and should be drawn from different representative groups.

4.7 Before new trustees are appointed, the Board should determine what new attributes and knowledge are needed, and write them down in the form of a role description, or role profile.

4.8 The Board should ensure that the recruitment process is open to all sections of the community, and should consider open advertising and a range of other recruitment methods to attract a wide range of candidates.

4.9 Candidates should, where LCET's governing document permits, be interviewed formally, and appointed on merit, subject to the terms of paragraph 31 in the Articles.

4.10 The Board should ensure that the procedures for joining and leaving the Board are clearly understood by all trustees and others involved.

Review

The Board should periodically carry out strategic reviews of all aspects of LCET's work, and use the results to inform positive change and innovation.

4.11 To remain effective, the Board should periodically conduct strategic reviews of all aspects of LCET's work and functioning, to ensure that:

- (a) the needs for which LCET was set up still exist, and its objects as set out in the governing document remain relevant to those needs;
- (b) LCET is continuing to meet those needs, and remains fit for purpose; and
- (c) the needs are being met in the most effective way.

4.12 Reviews should include LCET's:

- (a) governing document, purposes, mission and vision;
- (b) Board and trustees, their functioning and effectiveness;
- (c) staffing and volunteer structures, working methods, and operational policies and procedures;
- (d) mechanisms for internal control and performance reporting;
- (e) mechanisms for planning and budgeting;
- (f) sub-committees, working groups and advisory bodies; and
- (g) relations with stakeholders, and arrangements for communication and consultation with them.

4.13 The Board should use the results of such reviews to:

- (a) generate a creative and innovative approach to LCET's development;
- (b) inform its strategic planning;
- (c) make changes and improvements to its operational activities; and
- (d) initiate collaborative work with other organisations to deliver the best possible outcomes for users, beneficiaries and members; and
- (e) create a positive impact on the overall effectiveness and governance of LCET.

4.14 Where possible, the Board should be open with stakeholders about the results of such reviews, indicate clearly what steps they intend to take in response, and give explanations concerning actions they have decided not to take.

5. Board delegation

Clarity of roles

The Board should define the roles and responsibilities of the chair and other honorary officers, in writing.

5.1 The Board should define and write down the role of the chair, and that of other honorary officers such as vice-chair, treasurer and the secretary to the Board; it should be noted that for companies the role of secretary is partly defined by the relevant legislation.

5.2 The role of the chair should include, as a minimum, to ensure:

- (a) the efficient conduct of business at LCET's Board and general meetings;
- (b) that LCET's business is efficiently and accountably conducted between Board meetings;
- (c) that LCET complies generally with this code;
- (d) specifically that the appraisal and remuneration of LCET's chief executive is conducted in accordance with this Code;
- (e) that the employment of the chief executive complies with employment legislation and good practice; and
- (f) that the appraisal of board and trustee performance is conducted in accordance with this Code.

5.3 Where the Board has delegated specific roles to honorary officers or to other trustees, ultimate responsibility rests with the Board as a whole. In such situations the trustee(s) concerned should separate the specific roles from their wider trustee role.

Effective delegation

The Board should ensure that staff, volunteers and agents have sufficient delegated authority to discharge their duties. All delegated authorities must have clear limits relating to budgetary and other matters.

5.4 The Board may need to delegate parts of its work to others in a clear, practical and legal manner. Delegations may be made to individual trustees, sub-committees, the chief executive, other staff, volunteers or agents and consultants.

5.5 Delegations must comply with the terms of LCET's governing document and any relevant legislation.

5.6 Delegations to other staff and volunteers should normally be through the chief executive.

5.7 Delegations should always be in writing, and should set clear limits on matters such as expenditure, authority and decisions that can be made. Delegations may be written in Board minutes, terms of reference for sub-committees, staff job descriptions, or in a separate list.

Terms of reference

The Board should set clear terms of reference for sub-committees, standing groups, advisory panels, etc.

5.8 The Board may wish to set up sub-committees, advisory groups, panels or other bodies to assist its work. Such bodies should have clear written terms of reference in addition to any delegated authority.

Monitoring

All delegated authorities must be subject to regular monitoring by the Board.

5.9 The Board must remain in ultimate control of all delegations:

- (a) honorary officers and other trustees should report back to the Board promptly on any use of delegated authority;
- (b) the Board should receive regular reports and minutes from all sub-committees etc; and
- (c) the mechanisms established for internal control and performance reporting should be used to monitor use of delegated authority by the chief executive, or other staff or volunteers (see C5-C7).

6. Board and trustee integrity

No personal benefits

Trustees must not benefit from their position beyond what is allowed by the law and is in the interests of LCET.

6.1 Trustees must be scrupulous to avoid gaining any private benefit from their position, whether financial or other, except:

- (a) as permitted by law and LCET's governing document; and
- (b) where this is agreed by the Board as demonstrably in the interests of LCET.

6.2 LCET should have procedures for trustees to claim legitimate travel and other expenses incurred while carrying out LCET's business; trustees should not be out of pocket for the work they carry out for LCET.

Conflict of interest

Trustees should identify and promptly declare any actual or potential conflicts of interest affecting them.

6.3 LCET must have procedures for trustees to declare actual or potential conflicts of interest to the Board; such declarations should be made at the earliest opportunity. They should be recorded in Board minutes or in a register kept for the purpose.

6.4 Where a material conflict of interest arises at a Board meeting, the trustee concerned should not vote on the matter or participate in discussions. She or he should also offer to withdraw from the meeting, and the other trustees should decide if this is required.

6.5 Where a trustee has a major or ongoing conflict of interest, she or he should offer to resign from the Board.

7. Board openness

Communication and consultation

LCET should identify those with a legitimate interest in its work (stakeholders), and ensure that there is a strategy for regular and effective communication with them about LCET's achievements and work.

7.1 The Board should identify those people and groups who have a legitimate interest in LCET's work; these might include churches, schools, users, beneficiaries, members, partners, staff, volunteers, regulators, other government bodies and funders. We refer to these as 'stakeholders' in this code.

7.2 The Board should ensure that LCET, and its stakeholders, have a clear understanding of the Board's role, and of LCET's objects and values.

7.3 There should be regular and appropriate communication and consultation with stakeholders to ensure that:

- (a) their views are taken into account in LCET's decision-making;
- (b) they are informed and consulted on LCET's plans and proposed developments which may affect them;
- (c) there is a procedure for dealing with feedback and complaints from stakeholders, staff, volunteers and the public are dealt with; and
- (d) LCET's performance, impacts and outcomes are reported to stakeholders.

7.4 The Board must ensure that LCET produces an annual report and accounts that comply with relevant legislation; these should provide a balanced and accurate assessment of LCET's successes and failures.

Openness and accountability

The Board should be open and accountable to stakeholders about its own work, and the governance of LCET.

7.5 The Board should ensure that LCET upholds a commitment to openness and accountability at all levels. This will mean:

- (a) being clear about what information is available, and what must remain confidential to protect personal privacy or operational confidentiality;
- (b) complying with reasonable outside requests for information about LCET and its work;
- (c) being open about LCET's governance work, and its strategic reviews;
- (d) ensuring that stakeholders have the opportunity to hold trustees to account and know how to do this.

Stakeholder involvement

The Board should encourage and enable the engagement of key stakeholders, such as users and beneficiaries, in LCET's planning and decision-making.

7.6 The Board should ensure that the views of users, beneficiaries, staff, volunteers and other stakeholders are taken into account in LCET's decision-making and strategic reviews. This will mean encouraging wide stakeholder engagement in LCET's decision making, and promoting activities that support that engagement.