The Institution of Engineering and Technology

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Board of Trustees

CHARITY GOVERNANCE CODE FOR LARGER CHARITIES

(Paper by Mr Andrew F Wilson. If you have any questions on this paper before the meeting please contact Mr Andrew F Wilson on +44 (0)20 7344 5415 or by email afwilson@theiet.org)

1. Issue

To report on the changes to the Charity Governance Code for Larger Charities.

2. Timing

Board of Trustees meeting, 9 September 2021.

3. For Recommendation

The Board of Trustees is invited to discuss this report and, if appropriate, to agree that it should discuss the issues highlighted in paragraph 7.1 at its meeting in November 2021.

4. Background

4.1. The IET adopted the *Charity Governance Code* in 2012. In 2017 the Code was revised and replaced with the *Charity Governance Code for Larger Charities*, which was adopted by the IET in February 2018. The Code is published by an independent group and is endorsed by the Charity Commission for England and Wales. The code does not differentiate between membership charitable organisations, such as the IET, and other well-known charities such as the NSPCC, Oxfam and the RSPCA which usually have quite different governance arrangements.

4.2. At its meeting on 14 May 2018 the Board of Trustees noted a report on the application of the *Charity Governance Code for Larger Charities* (Minute 13.2 of T(18)M3). A further update was received on 9 November 2018 (Minute 12 of T(18)M7).

4.3. The *Charity Governance Code for Larger Charities* was updated in 2020 and a review has been made of the Recommended Practices in the new edition.

5. Charity Governance Code

5.1. The *Charity Governance Code for Larger Charities* is a practical tool to help charities and their trustees develop high standards of governance. It sets the principles and recommended practice for good governance and is deliberately aspirational, intended as a tool for continuous improvement towards the highest standards. Charities that adopt the Code are encouraged to publish a brief statement in their annual report explaining their use of the Code. The IET has published a statement about this in its Annual Report and Accounts since 2018.

5.2. The Code includes an extensive list of Recommended Practices, the majority of which correspond with the practice of the IET. The Board of Trustees has considered the Recommended Practices which do not correspond with the practice of the IET and noted the reasons why the IET has not adopted them. The external Governance Review by Crowe UK LLP in 2019 examined the IET's performance against the Code's Recommended Practices and found no omissions.

6. Review of Recommended Practices in 2018

6.1. Following a review of the Recommended Practices in the 2017 edition of the Code, the Board noted the areas of the Code where the IET did not meet the Recommended Practices in full and agreed a series of actions which are detailed in the table below.

Principle 4. Decision Making, Risk and Control

Recommended practice	IET position	Proposed action	Outcome
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.	The Board of Trustees reviews many of the key IET policies, but not all. Other policies are delegated to the Main Boards, the Audit and Risk Process Committee and the senior staff.	The IET has a great many Policies and Procedures for members, volunteers and staff. A full list could be compiled and reported to the Audit and Risk Process Committee, which could consider whether this information should also be reported to the Board of Trustees and whether there are key policies that it should review.	A review was conducted by the Audit and Risk Process Committee and this was reported to the Board of Trustees in February 2019.
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.	The Audit and Risk Process Committee is chaired by one of the Deputy Presidents. The Deputy Presidents are not required to have recent financial experience. The Audit and Risk Process Committee may co-opt members to secure additional experience and is supported by Finance and Internal Audit advisers. The Committee has at least	No action proposed.	

Recommended practice	IET position	Proposed action	Outcome
	two Trustees within its membership.		

Principle 5. Board Effectiveness

Recommended practice	IET position	Proposed action	Target date
5.6.2 The board is big enough that 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.	The Bye-laws require the Board of Trustees to have at least 16 members. The Board of Trustees has agreed that this is the ideal number for the IET. Changes would require approval of the membership and Privy Council support.	No action proposed.	
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.	Trustees are elected by the members eligible to vote in accordance with the Bye-laws. The Nominations and Succession Committee recommends candidates to the Board of Trustees which in turn recommends them to the membership. The Nominations and Succession Committee considers the balance of skills and diversity of the Board in its deliberation. The Board of Trustees undertakes an annual skills survey. Published calls for nominations emphasise the skills that are required.	No action proposed.	
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	The Board of Trustees reviews its own performance once a year and there is an external review every three years. It has been agreed that there should be annual reviews of the	It is proposed that performance of individual Trustees should be introduced during the Session 2018/19, to be conducted by the President and the President-elect.	Performance review interviews with Trustees were held during the Session 2018/19 and the Session 2019/20.

Recommended practice	IET position	Proposed action	Target date
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.	performance of individual Trustees.		

Principle 6. Diversity

Recommended practice	IET position	Proposed action	Target date
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.	The Board of Trustees has agreed that the Equality, Diversity and Inclusion Strategy should be applied across the IET. The IET has not set any diversity objectives.	It is proposed that the Board of Trustees should consider and set diversity objectives, in line with the strategy, annually.	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. A provider has been appointed to support the collection and analysis of member data on diversity for a small number of volunteers. An update will be provided to the Board in February 2022.
6.4.3 When deciding how to recruit trustees, the board thinks about how best to attract a diverse pool of candidates. It tries to achieve diversity in any trustee appointment panels.	The selection of candidates is delegated to the Nominations and Succession Committee which reports to the Board of Trustees. The Nominations and Succession Committee has considered how best to attract a diverse pool of candidates and to attract wide interest. There are some specific criteria in place to attract Young Professionals. There are no Trustee appointment panels.	No action proposed.	
6.5.1 Trustees ensure that there are plans in place to monitor and	The Board of Trustees has agreed that the Equality, Diversity and Inclusion Strategy	It is proposed that the Board of Trustees should consider and set diversity	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that

Recommended practice	IET position	Proposed action	Target date
achieve the board's diversity objectives.	should be applied across the IET. The IET has not set any diversity objectives.	objectives, in line with the strategy, annually.	this was not possible until the IET was able to collect and store securely member data on diversity. A provider has been appointed to support the collection and analysis of member data on diversity for a small number of volunteers. An update will be provided to the Board in February 2022.
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.	The Board of Trustees has agreed that the Equality, Diversity and Inclusion Strategy should be applied across the IET. The IET has not set any diversity objectives.	It is proposed that the Board of Trustees should consider and set diversity objectives, in line with the strategy, annually.	The Board of Trustees has agreed and published the Equality, Diversity and Inclusion Strategy with a supporting action plan. Specific objectives will be reviewed as part of the Strategy.

Principle 7. Openness and Accountability

Recommended practice	IET position	Proposed action	Target date
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.	It has been decided that, given the wide range of the IET's stakeholders, regular communications are necessary only for certain groups of stakeholders. Membership and key groups receive regular targeted communications on the areas described.	No action proposed.	

7. Review of Recommended Practices in 2021

7.1. Following a review of the Recommended Practices in the 2020 edition of the Code, a list has been compiled of the new areas of the Code where the IET does not meet the Recommended Practices in full.

Principle 3. Integrity

Recommended practice	IET position	Proposed action	Target date
3.6.2 Trustees regularly check whether there are inappropriate power imbalances in the board or charity. Where necessary, they address any potential abuse of power to uphold the charity's purpose, values and public benefit.	The Board of Trustees has not yet discussed whether there are inappropriate power imbalances.	The Board of Trustees should discuss whether there are inappropriate power imbalances.	November 2021
3.7.1 Trustees understand their safeguarding responsibilities and go beyond the legal minimum to promote a culture in which everyone feels safe and respected.	The Board of Trustees has not yet discussed how it should promote a culture in which everyone feels safe and respected.	The Board of Trustees should discuss how it should promote a culture in which everyone feels safe and respected.	November 2021
3.8.4 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.	The Board of Trustees has not yet discussed how it can ensure that Trustees keep their independence.	The Board of Trustees should discuss how it can ensure that Trustees keep their independence.	November 2021

Principle 6. Equality, Diversity and Inclusion

Recommended practice	IET position	Proposed action	Target date
6.4.3 The board regularly assesses: the charity's approach to equality, diversity and inclusion, using available data and, where applicable, lived experience; its own practice including: the diversity of trustees' backgrounds and perspectives in its regular board skills audit to identify imbalances and gaps; any bias in trustee recruitment and selection; where applicable, how the communities and	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024

Recommended practice	IET position	Proposed action	Target date
people that the charity serves are included and centred in decision making; how meetings and board information can be made more accessible and how to provide resources to support this; how to create a meeting environment in which behaving inclusively is the norm, all voices are equal and trustees can constructively challenge each other; how the board demonstrates inclusive behaviours in its decision making and how it engages with staff, volunteers, members, service users and beneficiaries.			
6.5.1 The board sets a clear organisational approach to equality, diversity and inclusion in line with the charity's aims, strategy, culture and values. This is supported by appropriate plans, policies, milestones, targets and timelines.	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024
6.5.2 The board uses the findings from its assessments to make context specific and regularly reviewed plans and targets for: equality, diversity and inclusion training for board members; inclusive boardroom culture, practices and behaviours; board evaluation or training to address any power imbalances between trustees; removing, reducing and preventing obstacles to people being trustees; attracting a diverse	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024

Recommended practice	IET position	Proposed action	Target date
group of candidates for new trustee roles and providing an inclusive induction for new trustees; recruiting a diverse board that addresses imbalances and any gaps that have been found; promoting inclusive behaviours and cultures to the wider organisation.			
6.6.1 The board ensures that there are appropriate arrangements and resources in place to monitor and achieve the organisation's equality, diversity and inclusion plans and targets, including those relating to the board.	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024
6.6.2 The board creates and maintains inclusive cultures, practices and behaviours in all its decision making. It promotes and demonstrates inclusive behaviours and cultures to the wider organisation.	The Board of Trustees has set the Values and Behaviours of the IET. It has not yet discussed how it should promote and demonstrate inclusive behaviours and cultures.	The Board of Trustees should discuss how it should promote and demonstrate inclusive behaviours and cultures.	November 2021
6.6.4 The board leads the organisation's progress towards achieving its equality, diversity and inclusion plans and targets. It receives regular updates from the organisation including challenges, opportunities and new developments.	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024
6.6.5 The board periodically takes part in learning and/or reflection about equality, diversity and inclusion and understands its responsibilities in this area. It acts on any	The Board of Trustees received regular reports on equality, diversity and inclusion. It has not yet discussed whether there are gaps in its understanding of	The Board of Trustees should discuss whether there are gaps in its understanding of equality, diversity and inclusion.	November 2021

Recommended practice	IET position	Proposed action	Target date
gaps in its understanding and looks at how board practice, culture and behaviour are affected by these gaps.	equality, diversity and inclusion.		
6.7.1 The board regularly publishes: information on its progress towards achieving its equality, diversity and inclusion plans and targets, including challenges, opportunities and learning. This could include the: charity's organisational approach to equality, diversity and inclusion in line with its aims, strategy, culture and values; board's culture, practices and behaviours; board's composition and make-up.	The Board of Trustees agreed in 2019 to set diversity objectives, but was advised that this was not possible until the IET was able to collect and store securely member data on diversity. It is estimated that this may be possible from 2024.	The Board of Trustees should review the position in 2024.	February 2024
6.7.2 The board regularly publishes: information on its plans to tackle any organisational or board inequalities and gaps that have been identified.	The Board of Trustees has not yet discussed how to tackle organisational or board inequalities.	The Board of Trustees should discuss how to tackle organisational or board inequalities.	November 2021

8. Risk

No risks associated with this report have been identified.

9. Resources

No additional resources have been requested.