The Institution of Engineering and Technology

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PAPER CLASSIFICATION: OPEN

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

The Charity Governance Code Working Party met on 18 October 2021 and wishes to make the following report to the Board of Trustees.

2. Timing

Board of Trustees meeting, 5 November 2021.

3. For Recommendation

The Board of Trustees is invited to discuss this report and, if appropriate, to approve the proposals detailed in paragraph 6.2 below.

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. At its meeting on 9 September 2021 the Board of Trustees noted a report on the *Charity Governance Code for Larger Charities*, as updated in 2020, and agreed to establish a Working Party comprising Professor Bob Cryan, Dr Andy Harter and Professor Paul Needham to review the Recommended Practices in the 2020 edition of the Code and report back to the Board of Trustees in November 2021 (Minute 14.3 of T(21)M6 refers).

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. Recommendations from the Working Party

6.1. The Working Party noted the 2020 edition of the Charity Governance Code for Larger Charities and reviewed the recommendations concerning the new areas of the Code where the IET did not meet the Recommended Practices in full.

6.2. It agreed to recommend to the Board of Trustees that it should:

6.2.1. ask the Bye-Law Review Working Party to consider whether the principle of recruiting volunteers on merit against objective criteria and considering the benefits of diversity could be further extended to all Boards and Committees (2017 edition, clause 5.7.2);

6.2.2. continue with Trustee performance reviews and review their effectiveness as part of the annual process (2017 edition, clause 5.8.2);

6.2.3. ask the Audit and Risk Process Committee to consider whether anonymous whistle-blowing opportunities currently in place for staff should be extended to volunteers (2020 edition, clause 3.6.2);

6.2.4. consider whether to have a standing annual invitation for the UK Safeguarding Lead to present at a Board of Trustees meeting (2020 edition, clause 3.7.1);

6.2.5. continue to receive regular updates on the Equality, Diversity and Inclusion strategy and ask the Volunteer Engagement Board to provide updates on the volunteer behaviours as part of the Volunteer Engagement Strategy (2020 edition, clause 6.6.2).

7. Risk

No risks associated with this report have been identified.

8. Resources

No additional resources have been requested.

Appendix to T(21)88

EXTRACTS FROM THE CHARITY GOVERNANCE CODE FOR LARGER CHARITIES

Recommended Practices (2017 Edition)

Principle 5. Board Effectiveness

Recommended practice	IET position	Proposed action	Target date
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.	The Board of Trustees should ask the Bye-Law Review Working Party to consider whether the principle of recruiting volunteers on merit against objective criteria and considering the benefits of diversity could be further extended to all Boards and Committees.	June 2022
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.	The Board of Trustees reviews its own performance once a year and there is an external review every three years. Annual performance review interviews with individual Trustees are conducted by the President and the President-elect.	The Board of Trustees should continue with Trustee performance reviews and review their effectiveness as part of the annual process.	June 2022

Recommended Practices (2020 Edition)

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.	All IET Board and Committee meetings commence with an agenda item on Conflicts of Interest, which applies to volunteers and staff. Whistleblowing polices are in place for volunteers and staff.	The Board of Trustees should ask the Audit and Risk Process Committee to consider whether anonymous whistle-blowing opportunities currently in place for staff should be extended to volunteers.	June 2022
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 receives an annual report on Safeguarding Children and Adults at Risk and regular reports on the activities of the Education 5-19 Team.	The Board of Trustees should consider whether to have a standing annual invitation for the UK Safeguarding Lead to present at a Board of Trustees meeting.	September 2022
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.	All IET Board and Committee meetings commence with an agenda item on Conflicts of Interest, which applies to volunteers and staff. Trustees and senior staff are also required to complete an annual Declaration of Interests.	No action required.	No action

Principle 6. Equality, Diversity and Inclusion

Recommended practice	IET position	Proposed action	Target date
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 recently approved updated Behaviours for volunteers that underpin the IET values alongside an Equality, Diversity and Inclusion strategy for the IET.	The Board of Trustees should continue to receive regular updates on the Equality, Diversity and Inclusion strategy, and ask the Volunteer Engagement Board to provide updates on the volunteer behaviours as part of the Volunteer Engagement Strategy.	September 2022

Recommended practice	IET position	Proposed action	Target date
6.7.2 The board regularly publishes: information on its plans to tackle any organisational or board inequalities and gaps that have been identified.	Trustees undertake an annual skills survey and the results are reported to the Board of Trustees.	No action required.	No action