

# The Merthyr Tydfil Compact

## Governance Code of Practice for the Third Sector

### Introduction - The Compact

The Merthyr Tydfil Compact is a partnership agreement which supports strategic working relations between the third sector and the public sector as represented by the local authority and the Health Board in Merthyr Tydfil.

It is written in a spirit of mutual respect and understanding and provides a framework for developing shared aims and objectives to improve the quality of life of people in the local community and to provide them with effective support.

The Compact Implementation Plan sets out objectives that support continuous improvement and development relating to the Compact themes. This is one of the Codes of Practice that has been produced by the Merthyr Tydfil Compact Board.



## **About the Code of Practice**

In the Code we have used the term “committee” to mean the organisation’s governing body. In your organisation it may be called the board, board of directors, the trustees, the executive committee, the management committee or some other name. It is the body with overall responsibility for governing the organisation, overseeing and controlling its management.

The principles of good governance have been designed to be valid for all “Third Sector” organisations irrespective of size. A definition of the Third Sector can be found in the Merthyr Tydfil Compact. It includes charities, voluntary organisations, community organisations, self-help groups and social enterprises.

All committee members will need to have access to more detailed guidance on their legal duties. Charity trustees will also need to refer to Charity Commission guidance on charity law and regulation.

The purpose of the Code is to raise awareness and understanding and it could be used as a first step for self assessing governance in your organisation. For a more comprehensive quality assurance tool, PQASSO is a model particularly designed for third sector organisations. (See further information for more details)

Merthyr Tydfil County Borough Council and Cwm Taf Health Board will expect third sector organisations with whom they have a funding relationship to demonstrate that the organisations governance is in accordance with the principles of the Code of Practice. This will be a condition incorporated into funding or contractual agreements.

### **Introduction**

Good governance is essential for the success of any organisation. Committee members play a vital role in serving their causes and communities. They bring passion and commitment as well as skills and experience to the organisations they lead.

Committees set the long term vision and protect the reputation and values of their organisations. To make a difference a committee needs to have proper procedures and policies in place. The purpose of these principles is to assist committee members to provide strong leadership, enhance their decision making and demonstrate their accountability.

The six principles outlined in this code are designed to be applicable to all third sector organisations. However, it is the practice and procedures which will vary according to the type and size of the organisation.

Underlying each principle is the additional principle of ensuring equality, diversity and equality of treatment for all sections of the community. This is fundamental and an essential element of all six principles.

## The Principles

An effective committee will provide good governance and leadership by:

1. Understanding their role
2. Ensuring delivery of organisational purpose
3. Working effectively both as individuals and as a team
4. Exercising effective control
5. Behaving with integrity
6. Being open and accountable

### Principle 1

An effective committee will provide good governance and leadership by **understanding their role** and responsibilities collectively and individually in relation to:

- their legal duties
- their stewardship of assets
- the provisions of the governing document
- the external environment including beneficiaries, citizens, external partnerships and other organisations
- the total structure of the organisation

and in terms of :

- setting and safeguarding the vision, values and reputation of the organisation
- overseeing the work of the organisation
- managing and supporting staff and volunteers

### Principle 2

An effective committee will provide good governance and leadership **by ensuring delivery of organisational purpose** by:

- ensuring organisational purposes remain relevant and valid
- developing and agreeing a long term strategy
- agreeing operational plans and budgets
- monitoring progress and spending against plan and budget
- evaluating results, assessing outcomes and impact
- reviewing and/or amending the plan and budget as appropriate

### **Principle 3**

An effective committee will provide good governance and leadership by **working effectively both as individuals and as a team**. The committee will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the committee to work effectively. These will include:

- finding and recruiting new committee members to meet the organisation's changing needs in relation to skills, experience and diversity
- providing suitable induction for new committee members
- providing all committee members with opportunities for training and development according to their needs
- periodically reviewing their performance both as individuals and as a team

### **Principle 4**

An effective committee will provide good governance and leadership by **exercising effective control** and ensuring that:

- the organisation understands and complies with all legal and regulatory requirements that apply to it
- the organisation continues to have good internal financial and management controls
- it regularly identifies and reviews the major risks to which the organisation is exposed and has systems to manage those risks
- delegation to committees, staff and volunteers (as applicable) works effectively and the use of delegated authority is properly supervised

## **Principle 5**

An effective committee will provide good governance and leadership by **behaving with integrity** and will:

- safeguard and promote the organisation's reputation
- act according to high ethical standards
- identify, understand and manage conflicts of interest and loyalty
- maintain independence of decision making
- deliver impact that best meets the needs of beneficiaries.

## **Principle 6**

An effective committee will provide good governance and leadership by **being open and accountable**, both internally and externally. This will include:

- open communications, informing people about the organisation and its work
- appropriate consultation on significant changes to the organisation's services or policies
- listening and responding to the views of supporters, funders, beneficiaries, service users and others with an interest in the organisation's work
- handling complaints constructively, impartially and effectively
- transparent business relationships with commissioning bodies
- considering the organisation's responsibilities to the wider community, e.g. its environmental impact.

## **Implementation and Monitoring**

- The Compact Board, the Local Service Board and the partner agencies will promote the Code and make reference to it as appropriate
- This Code of Practice will be circulated to all partnerships in Merthyr Tydfil and referenced by them as appropriate.
- The Compact Board provides stewardship of the Code It will be monitored and reviewed by the Board as part of the Compact Implementation Plan. Any issues arising from the Code that are considered through the Compact Mediation and Disputes Resolution Process will also be monitored by the Compact Board.

## **Supporting Documents**

- The Merthyr Tydfil Compact (2008)
- Commission Accomplished: A Public Sector Code of Practice for Commissioning Third Sector Services in Merthyr Tydfil and Rhondda Cynon Taf
- Code of Practice on Consultation and Public Engagement (to be developed)
- Code of Practice on Volunteering
- Mediation and Disputes Resolution Process
- Code of Practice on Working in Partnership
  - Protocol for Third Sector Involvement in Partnerships and Joint Working Groups (Appendix 1)
  - Third Sector Representatives' Code of Conduct and Agreement (Appendix 2)

## APPENDIX

### Further Information

- 1 For further information about the Merthyr Tydfil Compact see [www.vamt.net](http://www.vamt.net)
- 2 PQASSO is a quality standard developed for the third sector, by the sector. PQASSO's flexibility means it can be used by all types of third sector organisations including small community groups. It is a self-assessment tool which means that the organisation controls the process and the pace at which it implements PQASSO. There is the option of building on the self-assessment by having an external assessment against the PQASSO standards and achieving the PQASSO Quality Mark.

For more information about PQASSO telephone 020 7713 5722 or email [PQASSO@ces-vol.org.uk](mailto:PQASSO@ces-vol.org.uk). The web address is [www.ces-vol.org.uk/pqasso](http://www.ces-vol.org.uk/pqasso)

- 3 There are a number of other quality assurance systems an organisation may wish to consider, for example;

Investors in People      [www.investorsinpeople.co.uk](http://www.investorsinpeople.co.uk)

Investing in Volunteers      [www.investinginvolunteers.org.uk](http://www.investinginvolunteers.org.uk)

Investing in Excellence      [www.investorsinexcellence.org](http://www.investorsinexcellence.org)

- 4 Part of Voluntary Action Merthyr Tydfil's role is to provide advice, assistance and training to third sector organisations on governance issues and to trustees. Contact VAMT on 01685 353900 or [enquiries@vamt.net](mailto:enquiries@vamt.net)