

## Royal College of Midwives (RCM) Governance Code

This governance code has been adapted by the RCM Board (the board) from “Good Governance: A Code for the Voluntary and Community Sector” (Second edition: October 2010). It’s purposes are:

- to establish principles for governance of the RCM;
- to help the board and board members understand what they have to do and how they should do it; and
- to provide a basis for monitoring and evaluating board and board member performance.

### Principle 1

*Members of the board will provide good governance and leadership by understanding their role.*

Members of the board will understand their role and responsibilities collectively and individually in relation to:

- their legal duties;
- their stewardship of assets;
- the provisions of governing documents;
- the external environment;
- the overall 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 the CEO and, where applicable, members.

### Why?

Board members have a duty to act within the legal and regulatory frameworks that apply to them and the organisation. A full understanding of their role and responsibilities, the purpose and structure of the organisation and the external environment will help them to fulfil their legal duties and to lead and govern the organisation effectively.

The board should consider how it will set the culture of the organisation. They should lead by example, ensuring that individuals representing the organisation in any capacity do so in a way that positively reflects its values. The ethos and culture of the organisation should underpin the delivery of its activities or services and the achievement of its objects.

### Supporting material

Board members:

- accept ultimate responsibility for the way the organisation is directed and run in meeting its purposes
- are alert to those matters that cannot be delegated<sup>1</sup>
- act at all times in the best interests of the organisation and its members (see also Principle 5)
- ensure the solvency and financial strength of the organisation
- safeguard the organisation's assets and use them only in furtherance of its purposes
- take a considered, proportionate and balanced approach to risk management
- act reasonably in their decision making and leadership of the organisation
- recognise and respect that all board members are equally responsible for the board's decisions
- comply with all relevant legislation and regulation applicable to the organisation and the activities it undertakes and make appropriate public statements to confirm that this is the case (see Principle 4)
- ensure that all board members are properly appointed and are not disqualified from so acting (see also Principle 3).

### Other important things

1. Ensuring that the organisation provides every board member with all relevant information, including:
  - appropriate induction and training;
  - copies of key documents such as the governing document and financial information;
  - a generic role description for board members and further descriptions

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<sup>1</sup> See *Matters reserved to the RCM Board for decision/final say*. (RCM Board. 1 March 2012).

- for any specific roles or functions;
- guidance produced by regulators and other organisations;
  - other helpful information, including a code of conduct.
2. Understanding and ensuring independence of board decision making and action and putting the needs of members ahead of any other interests (see also Principle 5).
  3. Establishing and periodically reviewing statements setting out the vision, mission and values of the organisation. Ensuring that these statements are developed in consultation with the organisation's stakeholders, that they accurately reflect the objects in the organisation's governing document, and are effectively communicated and easily understood outside the organisation.
  4. Ensuring that all board members understand their relationship with, and responsibilities towards (as applicable):
    - members;
    - branches, and local or regional offices;
    - beneficiaries and service users;
    - staff;
    - committees, working groups and advisory groups;
    - volunteers;
    - subsidiary trading companies;
    - other organisations with which the organisation formally collaborates.
  5. Being clear about which matters are strategic and which matters are operational in relation to board oversight of the organisation. Avoiding inappropriate involvement in operational matters but taking responsibility for challenging and holding to account those to whom they have delegated implementation of their strategic decisions.
  6. Following proper and formal arrangements for the CEO's appointment, supervision, support, appraisal and remuneration. Being clear about day to day communication with, and supervision of, the CEO. Ensuring that the relationship between the board and the chief executive retains an appropriate balance of support, scrutiny and challenge.
  7. Board members being clear about the capacity in which they are acting at any given time.
  8. Ensuring that individual board members do not act on behalf of the

board without authority.

9. Strategically reviewing all aspects of the organisation's work and functioning to ensure its overall effectiveness.

## Principle 2

*Members of the board will provide good governance and leadership by ensuring achievement of organisational purpose.*

The board will ensure that the organisation achieves its stated purposes or aims by:

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

## Why?

The organisation's aims or purposes are its reason for existing; it should aim to secure the optimum means of fulfilling them. To do otherwise would be failing its membership and supporters. If board members are committed to the organisation's purpose, this should drive them to aim to do better for the organisation's members. The board should always bear this in mind and make decisions accordingly. The board must also ensure that the organisation remains focussed on achieving its purposes and avoids "mission drift".

## Supporting material

- Ensure that all activities, services and functions, particularly new ones, match the stated objects of the organisation as defined primarily in the governing document

## Other important things

1. Identifying and considering the range of data and information from both internal and external sources to help meet the needs of members in line with the organisation's stated purposes or functions.
2. Setting short, medium and long term goals and ensuring that organisation-wide strategies are in place to monitor and implement them.

3. Explaining these goals to the organisation's members and stakeholders with a view to ensuring that they are supportive of, and committed to, them.
4. Aligning management reports of organisational activities to the appropriate powers and objects in governing documents.
5. Assessing outcomes against relevant comparators (e.g. similar organisations, suitable quality standards), undertaking periodic reviews and seeking member and stakeholder feedback where appropriate.
6. Providing board members with timely and regular management accounts, ensuring that all board members are in a position to read and understand them, in order to make informed decisions.
7. The board and CEO remaining alert to external and environmental factors that could result in the board having to consider whether –
  - the needs of members are being met by other means, or the organisational purpose has been achieved in some other way, and therefore the organisation can be wound up or the purposes changed;
  - the purposes could be better achieved through collaboration, or where appropriate, merging with one or more other organisation(s) with similar objectives;
  - different ways of working may be required to meet the opportunities and challenges presented by developments within the field of operation, including the risk of missing opportunities.
8. Having systems in place to measure outcomes, assess impact and enable the board to ensure the organisation delivers its purpose and identify:
  - successes that the organisation can celebrate;
  - areas for improvement;
  - new opportunities.

### Principle 3

*Members of the board will provide good governance and leadership by working effectively both as individuals and as a team.*

The board will have a range of appropriate policies and procedures, knowledge, attitudes and behaviours to enable both individuals and the board to work effectively. These will include:

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

### Why?

To work in the best interests of the organisation and its beneficiaries, the board should comprise people who:

- together have a mixture of knowledge, skills and experience that is relevant to the organisation's circumstances and needs;
- have the requisite characteristics and skills to work as a committed, effective and supportive team, whilst retaining independence of thought and the maturity and ability to challenge constructively;
- embody diversity in its widest sense, strengthening decision making by bringing a broad range of backgrounds and perspectives.

### Supporting material

- Complying with any qualifications and all requirements in the governing document concerning who/how many may be appointed as board members, terms of office and manner of appointment.
- Complying with any requirements in the governing document concerning board meetings.
- Ensuring that board members are, and remain, eligible to act and that appropriate checks have been carried out (this may include minimum age, statutory disqualification, and CRB checks where

applicable; and requiring new board members to sign a declaration of eligibility and willingness to act).

### Other important things

1. Ensuring that the board meets often enough to be effective, that board members are well-prepared and committed to attending and contributing constructively, and that meetings have a well-structured agenda and good chairmanship.
2. Adhering to a code of conduct which sets out expected standards of behaviour and the consequences of inappropriate behaviour, ensuring that any potential sanctions are in line with the governing document.
3. Maintaining a strategy for board renewal that will meet the organisation's changing needs. This will cover maximum terms of office and succession planning.
4. Ensuring that members and others as appropriate can contribute appropriately and meaningfully to decision making.
5. Ensuring that the board:
  - collectively provides a mixture of skills, experience, qualities and knowledge appropriate to the organisation, using skills audit and other relevant tools as appropriate;
  - takes an active and intelligent approach towards diversity, understanding the term in its widest sense, avoiding tokenism and using board diversity to support its effectiveness;
  - is big enough to provide the skills and experience needed, but not so large that decision making becomes unwieldy;
  - invests sufficient time in developing positive working relationships amongst themselves and between the board and the CEO;
  - acts quickly and positively to deal with any relationship strains or breakdowns, using external facilitation or mediation where appropriate.
6. Where it is permitted by the governing document using a range of ways to select board members for election to encourage diversity; including formal assessment procedures and recommending election based on merit, objectively measured against the agreed skills audit and role description.
7. Using provisions in the governing document for selecting potential board

members effectively and intelligently, so that elections by members are informed by the skills needs identified by the board.

8. Setting aside time to reflect on performance and functioning of the board and its committees as teams, and identifying and dealing with any areas for improvement.
9. Supporting board members in their training and development, and to facilitate this, periodically reviewing the performance and development needs of each board member.

## Principle 4

*Members of the board will provide good governance and leadership by exercising effective control.*

As the accountable body, the board will ensure 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 works effectively and the use of delegated authority is properly supervised.

## Why?

The board are ultimately responsible for the decisions and actions of the organisation. Board members need to be assured that everyone acting in the organisation's name is complying with the board's directions and the requirements of law or regulation. Boards should provide direction, leadership and oversight without inappropriate involvement in operational matters. Delegation needs to be effectively supervised and monitored.

## Supporting material

- Ensuring, through appropriate policies, procedures and reporting mechanisms, that the organisation understands and complies with all legal and regulatory requirements which apply to the organisation, including where applicable:
  - relevant trade union, company and charity law and the requirements of regulators in any country where it operates
  - employment law
  - health and safety regulations
  - data protection legislation
  - equality legislation

- Complying with relevant provisions in the governing document and relevant law concerning the exercise of powers of delegation by the board.
- Acting prudently to protect the reputation, assets and property of the organisation .
- Ensuring that the organisation's assets and property are used appropriately in pursuance of its stated objects and aims.

### Other important things

1. Regularly reviewing the range and impact of risks the organisation faces, including the risk of missed opportunities and the potential of small risks to snowball into higher impact risks. Considering the impact of each identified risk on members, staff and volunteers, long term plans and income generation, and putting in place strategies to manage those risks. This will include having and regularly reviewing a risk register and appropriate risk policy outlining the board's appetite for risk and how it will manage and limit the impact of identified risks.
2. Maintaining and regularly reviewing the systems of financial controls, internal controls, performance reporting, policies and procedures, with the board periodically taking steps to assure itself of their effectiveness and relevance to the activities the organisation undertakes and the risks it faces.
3. Recognising and maximising the value of diversity within the board as a means of identifying and managing risks, especially as a way of challenging institutional assumptions and thinking.
4. Having clear written terms of reference for committees of the board, advisory groups and panels, and for all delegated authority to be clearly framed and kept under review.
5. Periodically reviewing the organisation's committee, advisory group and panel structure to ensure that it continues to meet the organisation's governance needs.
6. Allowing the proper exercise of delegated authority by the CEO without inappropriate interference, whilst being sufficiently involved and engaged to properly supervise, hold to account and retain ultimate responsibility for decisions and actions taken, through appropriate systems of monitoring and reporting back.

7. Taking appropriate professional advice where necessary before making important decisions, especially those involving material risk.

## Principle 5

*Members of the board will provide good governance and leadership by behaving with integrity.*

The board 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 members

## Why?

The board, both individually and collectively, have ultimate responsibility for the organisation's funds and assets, including its reputation. They take the lead in setting and championing the values and ethos of the organisation (see Principle 1). It is vital, therefore, that they maintain the respect of members, stakeholders and the public at large by behaving with integrity. To behave otherwise risks bringing the organisation and its work into disrepute.

## Supporting material

- Having, and scrupulously following, governing document provisions, policies and procedures for identifying, declaring and managing conflicts of interest and conflicts of loyalty.
- Ensuring compliance with company law on the management of conflicts of interest and conflicts of loyalty.
- Ensuring that the organisation complies with the requirements of 'whistleblowing' legislation.
- Managing relations and boundaries with subsidiary companies, especially where individuals act as board members for both entities.
- Always taking decisions in the best interests of the organisation and its members ensuring that
  - the decision is within the board's powers;
  - the board is acting in good faith;

- the board has adequately informed itself and is basing its decision on a range of data and information that provides sound understanding of all relevant factors;
  - the board is not allowing itself to be swayed by irrelevant factors;
  - the decision is within the range of reasonable options open to the board and can be justified as such.
- Complying with laws against bribery, including implementing policies and clear guidelines concerning hospitality or gifts, the declaration and recording of offers of gifts or hospitality, and in what circumstances such offers may be accepted or must be refused.
  - Complying with any statutory or regulatory requirements concerning reporting or disclosure of payments, expenses or other benefits that board members receive from the organisation.

### Other important things

1. Ensuring that the organisation's values and ethos are enshrined in its policies and practices.
2. Including standards of ethical behaviour in the code of conduct for board members (see Principle 3).<sup>2</sup>
3. Fostering a working environment that supports constructive challenge and welcomes different points of view.
4. Maintaining a register of interests and declaring an interest even if the board member is unsure of its relevance and potential impact.
5. Being open and honest in all matters presented to the board where a personal or business relationship may be perceived to impact adversely on (or simply influence) the work of the board or the organisation.
6. Where possible, seeking to diversify income streams to help prevent undue influence over the actions and decisions of the board.
7. Where board members or others act as spokespersons for the organisation, ensuring that their personal views are never confused with, or represented as being, those of the organisation.

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<sup>2</sup> See *Code of Conduct for Members of the RCM Board*. (RCM Board. 15 May 2012).

8. Board members and other representatives of the organisation should never accept gifts or hospitality where this could be perceived as being likely to influence their decisions.
9. Ensuring that any statement made on behalf of the organisation is consistent with its vision values, mission and purposes.
10. Ensuring that all board members understand and accept the need to be transparent and honest in all dealings with or on behalf of the organisation, to avoid any perception of improper conduct. This will include the establishment of an expenses policy and procedures to claim legitimate expenses incurred (see also Principle 6).
11. Having appropriate policies and procedures for whistleblowing, including safeguards to protect individuals who whistleblowing.

## Principle 6

*Members of the board will provide good governance and leadership by being open and accountable.*

The board will lead the organisation in 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 members, stakeholders and others with an interest in the organisation's work;
- handling complaints constructively, impartially and effectively;
- considering the organisation's responsibilities to the wider community, e.g. its environmental impact.

## Why?

Making accountability real, through genuine and open two-way communication that celebrates successes and demonstrates willingness to learn from mistakes, helps to build trust and confidence with members and stakeholders and to demonstrate legitimacy when representing them.

## Supporting material

- fully complying with any legal requirements to produce annual reports and accounts. These should present a balanced and accurate assessment of the organisation's performance.
- holding an annual meeting for members or other stakeholders if required by the organisation's governing document.
- complying with equality legislation.
- complying with any applicable legal or regulatory requirements concerning membership records.

## Other important things

1. Identifying those with a legitimate interest in the organisation's work and ensuring that there is a strategy for regular and effective communication with them about the organisation's achievements and work, including the

board's role and the organisation's objects and values.

2. Ensuring that members have the opportunity to hold the board to account and know how to do this appropriately, and that their views inform the organisation's planning, decision making and strategic reviews.
3. Demonstrating that the organisation learns from mistakes and errors and how that learning is used to improve organisational performance and internal decision making. This could be by having clear and effective complaints procedures, implementing them constructively and using the process as a valuable source of management information.
4. Ensuring that the organisation upholds principles of equality and diversity in every sphere of activity, going beyond the legal minimum where appropriate. Information should be accessible to all relevant sections of the community e.g. by using plain language, offering communications in formats such as audio and Braille and in languages commonly spoken in the communities represented.
5. Ensuring that the organisation:
  - has clear policies on who is and is not eligible for membership of the organisation;
  - has clear and accurate and up-to-date membership records;
  - keeps members informed about the organisation's work;
  - actively seeks, values and takes into account the views of members on key issues;
  - encourages members to participate in the governance of the organisation, clearly informing them about the responsibilities of board membership.
6. Recognising and acting on broader organisational responsibility towards communities, wider society and the environment, in so far as this does not divert the organisation from achieving its objects.

## References

Association of Chief Executives of Voluntary Organisations; Charity Trustee Networks; Institute of Chartered Secretaries and Administrators; National Council for Voluntary Organisations. *“Good Governance: A Code for the Voluntary and Community Sector” (Second edition: October 2010).*

The Royal College of Midwives  
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