

Implementing the Charity Governance Code

A practical guide for trustees



Effective governance is often pushed down busy meeting agendas, and decisions to be made regarding the activities of the charity can be easily overlooked.

Trustees may not consider a review of governance a good use of their time. However, good governance is one of the most significant responsibilities Trustees hold. This guide provides Trustees with an overview of the updated (November 2025) Charity Governance Code, a clear explanation of its eight principles, practical steps for effective implementation, and useful tools, including checklists and examples, to help embed continuous improvement across the charity.

Why good governance matters

Good governance structure gives the board assurance that the charity is operating in line with best practice and regulation. The Trustees may not be involved in the day-

to-day operations of the charity but do have ultimate responsibility for its operations and activities. It is therefore important that the structures are in place to ensure that the charity is operating effectively and is not breaching any regulatory requirements.

The governance structure may also be taken into consideration when funders are considering awarding grants, donors are reviewing charities for potential donations and when regulators are completing inspections in other areas. Being able to demonstrate effective governance gives them comfort that their funds will be managed appropriately.

Ultimately, effective governance underpins the operations of the charity and will assist in achieving the objectives as well as maintaining public trust in the sector as whole.

'The Governance code is a practical tool for trustees to encourage discussion about standards, behaviours and processes that are helpful in cultivating good governance.'

Now, for tomorrow

Background to the governance code

The Governance code was developed by a cross sector voluntary steering group with the Charity Commission as observer.

Application of the code isn't a legal or regulatory requirement. Instead, it is recommended that charities explain the approach taken to the code so it is transparent. Trustees are encouraged to either apply the recommended practice or explain what they have done instead.

The code is intentionally aspirational. It is unlikely that a charity will be able to fully demonstrate adherence to all recommendations. Instead, it is intended as a tool that is used to develop and improve governance arrangements over time as part of continuous improvement.

What's new in the november 2025 update

A revised code was issued in November 2025. The new Governance code has placed more emphasis on behaviours and culture. It is also clearer and includes more practical examples of actions to take. Previously, there were separate codes for large and small charities. These have now been combined with one code with added considerations for large charities.

The eight principles at a glance

The Code is made up of eight principles which form the basis of good governance. As part of the update, the Principles have been refreshed.

The principles are:

1 Foundation principle

Trustees take responsibility for, and invest the necessary time and care, in understanding the charity, their responsibilities and legal duties.

2 Organisational purpose

The board is clear about the charity's aims and how these benefit all or part of the public. It ensures that activity is targeted at achieving those aims both in short and long term.

3 Leadership

The charity is headed by an effective board that provides strategic leadership in line with the charity's purposes and values.

4 Ethics and culture

The board has agreed the standards and values which shape the charity's behaviours and culture. This includes being open about how the charity operates and responding thoughtfully to feedback.

5 Decision making

The board makes effective decisions that best serve the charity's purposes. Trustees take personal responsibility for carefully considering each decision and working to reach agreement.

6 Managing resources and risk

The board takes responsibility for stewarding, developing and allocating resources. The board identifies the risks to achieving the charity's aims and agrees how to navigate them. The board seeks assurance that risks are properly managed.

7 Equity, diversity and inclusion

The board has a clear, agreed and effective approach to supporting equity, diversity and inclusion (EDI) throughout the organisation, including in its own practice.

8 Board effectiveness

The board works well together, using an appropriate balance of skills, experience, backgrounds and knowledge. It reviews its performance.

Each principle includes indicators that the principle is being implemented, behaviours that support the principle, policies processes and practice that should be in place and evidence and assurance of the actions taken.

How to implement the code: a step-by-step guide

There are no set rules as to how the code should be implemented and the most appropriate and effective method will be different for each charity. As noted above, charities are encouraged to apply the code or explain what they are doing instead. It is unlikely that the Trustees are implementing everything in the Code already so looking at the full requirements of the principles may initially be overwhelming. As a starting point in the implementation of the code, there are a number of things that the Trustees may wish to consider.

1 Engage all trustees

All Trustees need to be committed to engaging with the Code and understand the importance of good governance. This is particularly important given the emphasis on expected behaviours and culture embedded within the code. In order to encourage this, the charity may wish to consider a Trustee contract which sets out expectations and responsibilities for Trustees.

2 Decide who will lead the work

The Trustees will need to decide who is going to consider and implement the Code. This could be done as a full Trustee board or a sub committee could be established to undertake a review. As an alternative, an external governance professional could be employed to assist.

3 Assess your current position

The Trustees may wish to consider one principle at a time rather than doing a complete review. Whichever way is chosen, the Trustees should set clear timescales for completion of each stage to ensure that it is completed and is not abandoned in light of other time commitments.

As a starting point, the Trustees will need to consider where they are now, what needs to change and what additional actions are required.

4 Involve the executive team

The Executive team will need to be involved as they will be responsible for implementing some of the recommendations that result from a review. For example, if new policies and procedures are required or there is a change in reporting requirements or additional Trustee time spent at the charity. Ensuring that they understand the importance of the review in conjunction with the Trustees will ensure that it is completed effectively.

5 Report and demonstrate progress

The Trustees will also need to decide how progress is to be reported back to the full Trustee board, the Executive team and the wider charity. If reported and demonstrated effectively, a culture of good governance as led by the Trustees will influence the whole charity.

6 Provide training where needed

As part of the review, it may become evident that additional Trustee training is required. This may be in the form of Charity Commission guidance and webinars, or the Trustees may decide that specific training is required.

The revised Code includes examples of policies and procedures that should be in place. As part of this, the Trustees will need to consider what is already in place and the last time the policies were reviewed. Some example policies are available on the MHA Trustee Hub as a starting point if any are missing. Trustees should ensure that the charity has a policies register with dates of review included to facilitate the review and make it easier to identify gaps.

Charities are encouraged to include reference to the Governance Code in their Trustees report where they are endeavouring to implement it. It is unlikely that the Charity will be able to confirm full compliance but progress on implementation will demonstrate the charity's commitment to effective governance.

Conclusion

Strong governance covers a wide range and extensive number of topics and requirements. The Governance Code sets out in clear and concise terms steps that can be taken to improve Governance for Trustees and is an effective tool for them to follow.

i How we can help

If you would like to discuss any matters arising from the implementation of the policy code our team will be happy to assist you.

Please contact your usual MHA contact.



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