THIRD SECTOR GOVERNANCE
GOOD GOVERNANCE MATURITY MATRIX

AUGUST 2022

PROGRESS LEVELS ▶ / KEY ELEMENTS ▼	0 NO PROGRESS / NOT APPLICABLE	1 BASIC LEVEL	2 EARLY PROGRESS IN DEVELOPMENT	3 FIRM PROGRESS IN DEVELOPMENT	4 MATURITY/RESULTS BEING ACHIEVED	5 EXEMPLAR
CULTURE AND BEHAVIOUR	Under review but not actioned yet or not relevant to the organisation	The organisation's Code of Conduct sets out its values and the behaviours that are expected of everyone involved in the governance of the organisation Board members are recruited using fair and open competition and take account of the views of a wide, representative groups of stakeholders Members receive proper induction to understand their role in setting cultural standards and overseeing that the values are real for the organisation	Effectiveness of interface between the Chair, Board members and executive directors is regularly assessed Value of service user and staff voice is reflected in business processes, committee membership and Board conduct The Board reviews its compliance with the Code of Conduct The Board models the standards of behaviour and conduct that it expects to be mirrored throughout the organisation	Steps taken to strengthen culture of governance at all levels of the organisation routinely evaluated by the Board Periodic (3-5 years) independent assessment made of Board effectiveness in increasing equality and diversity against external standards Ethical issues relating to the social, economic and environmental impact of the organisation on the world is considered regularly by the Board	The Board tracks cultural alignment of the organisation and that of stakeholders using measures agreed in advance Delivery of fairness and transparency in culture and operation of the organisation is reviewed formally by the Board Retrospective review by the Board of decisions taken to increase learning, accountability, and effectiveness involving stakeholders	The Board can evidence the organisation's influence on governance in the VCSE sector by advocacy and action Organisation has reputation for ethical integrity and advocacy for its own clear values and integrity amongst its peers in the VCSE sector and in the world
PURPOSE AND LEADERSHIP	Under review but not actioned yet or not relevant to the organisation	Leadership responsibilities and accountabilities for each key strand of the organisation's strategy are kept up to date Collective purpose, values and priorities set out in written form Induction and annual cycle of development support member contribution to statutory obligations and strategic impact	Respective leadership roles and responsibilities of the Board, the Executive and other key elements of the organisation are clearly stated and linked to the organisation's strategy The Board ensures purpose and vision of the organisation is shaped and understood by key stakeholders, including service users, staff and external stakeholders Delivery plans in place for both the organisation and the Board with progress against clearly set performance measures reported	The leadership role of Board members, their background and contribution is valued, visible and forms part of the trustee appraisal process The Board decisions are evaluated rigorously in terms of contribution to stated purpose and vision The Board takes strategic decisions recommended by the Executive and component elements of the organisation with whom the Board has worked in arriving at them	Decisions taken are aligned to priorities and values as a collective purpose and shared throughout the organisation The Board spends formal time together reviewing the changing operating environment and how this affects strategy, organisation leadership and culture Effectiveness of strategic communication and engagement in improving leadership, visibility and reach of the Board is regularly reviewed and assessments of the Board's role and impact are received from stakeholders	Decisions are reviewed and learning is used to shape future strategic direction, plans, processes and stakeholder relationships The Board demonstrates continuous achievement of strategic goals over lifetime of the strategy The organisation receives external recognition for the quality of its leadership and governance

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STRUCTURES AND BUSINESS FLOW	Under review but not actioned yet or not relevant to the organisation	Formal governance structures and working arrangements between the Board, Executive, subsidiaries, contractors, and service users are defined, in place and publicly reported

Effectiveness of the structure and remits of the Board and its committees (including terms of reference) are subject to regular self-review and from time-to-time to external review

Annual cycle of business is agreed by the Board which sets out the expected contribution of the Board and its committees to the organisation's strategic objectives | The Board is able to focus its time on strategic issues as a result of effective delegation to committees

Responsibilities and contribution between committees is balanced and makes best use of members' skills and committees operate within the terms of their remit

All Board and committee papers include a short Executive Summary connecting their purpose to strategic purpose and risk. They are clear about what the Board is being asked to do and recommendations are based on information and evidence | The Board listens carefully and weighs the advice given by the Executive team before reaching its decisions

Systems and processes are fit-for-purpose to embrace digital technology where appropriate so that it is used effectively to reduce bureaucracy and enhance the impact and value of time spent on core business

A systematic review of decisions made is used retrospectively to refine business practice

Committees report to the Board on their performance regularly | Investment has been made in technology to support joint working and integrated reporting across organisational and professional boundaries

The organisation demonstrates learning from complaints, incidents, system failures in an open and transparent way to improve and transform the organisation

From time to time, the Board conducts a root and branch review of its committees' relevance and effectiveness | The Board can demonstrate that it uses data effectively to drive its strategic decision-making

The Board consistently triangulates data and information from a range of sources when taking decisions

Systems are in place which enable joint information sharing, risk assessment and assurance with key stakeholders and partners |
| **SKILLS AND CAPACITY** | Under review but not actioned yet or not relevant to the organisation | The Board maintains a record of the skills of its members which it reviews annually or when there are changes to membership

Deployment of Board members is subject to their capacity and capability in agreement with the Chairman

The Board aims to improve its own diversity in line with the organisation's EDI policy

Formal induction is in place for all members and completed on a timely basis following assumption of role | Oversight and development of skills, capacity and culture, within the organisation's values, is part of the Board's remit

Structured governance skills programme supports individual and collective development of members to foster wider and more effective contribution

Commitment of time by members reflects a balance between the demands of formal business, personal and Board development, gaining understanding of the organisation informally and playing a wider role in the organisation | Mix of skills to meet governance requirements of the Board is kept under regular review

The Board monitors the implementation of the organisation's EDI policy

Processes are in place for developing, changing or removing members

All Board members spend time together away from formal business

Each member is appraised annually by the Chair and the Chair is also independently appraised | Clear processes for succession planning are in place for all chair roles

Governance is strengthened by well-established relationships with specialist sources of advice and expertise which the Board uses effectively within its governance arrangements

Independent assessment shows that the skills of members of the Board are used to maximum effect | The Board is influential in improving the governance of the sector

The organisation is exemplar in the development and implementation of equality, diversity and inclusion policies including at Board level |

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PROGRESS LEVELS ▶ **KEY ELEMENTS** ▼						
FINANCE AND RESOURCES	Under review but not actioned yet or not relevant to the organisation	Roles and responsibilities of the Board, its committees and individual members in respect of financial performance have been identified to all members Financial training has been provided which matches these roles and responsibilities The Board as a whole receives concise and complete financial information which allows members to fulfil their accountabilities The Board has appropriate financial policies, including reserves	The Board has developed a financial strategy with a clear link to charitable or other objectives Strategic and investment decisions are made by the Board using objective assessment criteria set in advance Resources are transparently allocated in line with strategic priorities and reported to the Board The Executive team reports to the Board to deliver good governance, including delivery of value for money, sustainability of the organisation as a going concern and effective asset management	Decision papers for the Board should set out the strategic and financial consequences The Board makes investment decisions that balance financial returns with social criteria which comply with the organisation's values The Board makes decisions about donations, partnerships, collaborations, joint ventures, etc. based on agreed principles Periodically the Board considers whether to conduct an audit on a specific area and commit to follow up accepted recommendations with timed bound actions The Board is able to confirm long-term financial stability of the organisation as a result of its effective oversight	The organisation's financial stability has been independently assessed The Board actively considers how to best use resources including collaboration, joint ventures and partnerships The organisation has a long-term financial strategy which is aligned to its charitable objectives and its strategy. It is regularly reviewed to confirm its relevance to beneficiaries, stakeholders and its broader social values	As part of its community responsibilities and social value objectives, the organisation assesses the impact of the deployment of resources on the local economies in which it operates. This is properly quantified, reported and promoted The organisation is regarded as a sector leader in its planning of finance and resources and has been independently rated accordingly
RISK AND AGILITY	Under review but not actioned yet	The Board understands the distinction between operational and strategic risks The risk management framework covers both strategy and policy Risk appetite statements exist and have been agreed by the Board The Board is clear about how risk appetite and tolerance inform delegation to committees	The Board has considered its appetite for risk linked to its strategic objectives The Board devotes sufficient time to considering and approving strategic risks. The Board delegates management of these risks to appropriate committees. The audit and risk committee oversees systems and processes on behalf of the Board The Board's approach to strategic risk management is well-defined and ratified within its risk management framework Risk consequences, including to reputation, for significant litigation involving the organisation are considered in formal Board business	The Board devotes time to considering risk as a driver of dynamic change, agility and sustainability as much as an issue of compliance Strategic risk drives the business of the Board and its committees. Agendas and papers set out whether risks to the strategic objectives have changed Business continuity plans and 'what if' scenarios are regularly used to develop greater understanding of collective responsibility for risk Joint risks have been identified with external partners and mitigations agreed	The Board tests its decisions against its risk appetite The organisation's risk culture is based on anticipation, proactive and strategic thinking. There is a well-established risk management practice at all levels of the organisation with Board to frontline oversight of risks Agreement is in place to support mitigation of shared operational and strategic risks and a common risk sharing agreement has been accepted by all If the organisation's strategic objectives are changed including in response to external influence, then the risk management system is sufficiently dynamic to respond The Board seeks continuous improvement and supports innovation and change, through improved organisation controls, forward scanning, preparedness and responsiveness	There is evidence of strategic risk sharing between the organisation and its strategic partners which may be reflected in an agreed joint assurance framework The Board and its partners lead the sector by demonstrating joint assurance, competence and effectiveness The organisation's whole strategic risk system is audited independently

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STEWARDSHIP AND STANDARDS	Under review but not actioned yet or not relevant to the organisation	Formal acceptance of legal duties is recorded for all Board members prior to commencement Company Secretary formally reports to the Board on the levels of understanding of both responsibilities and standards needed by members to meet responsibilities A register of interests for the Board and Executive is maintained and reported in public. Conflicts of interest are declared at all meetings of the Board and recorded in the minutes The Board formally signs off governance arrangements for the organisation as meeting all statutory requirements, codes and standards, including estates and services on at least an annual basis. Sustainability policy suite in draft, scope agreed and commitment to developing reports that will be integrated with the organisation's management reports with clear metrics and KPIs. The policies take account of relevant UN Sustainability Development Goals	Accountability for quality of user service provision including those of the Board are defined, captured, published and revised regularly Schemes of delegation are clearly defined and recorded in relation to formal and informal business conducted by Board members Processes which ensure compliance with statutory obligations placed on the Board are subject to formal audit and reported openly Agendas balance full Board time spent on core governance issues, strategic risk and business continuity with forward planning and investment decision making The Board has a comprehensive sustainability suite of policies covering internal and external facing matters including management, day to day operations (e.g. travel, procurement, water and waste) which incorporate stakeholder views and feedback. It is yet to be aligned to the strategy and included in regular management reporting	A strategic management framework is used to enhance governance of the organisation with agreement on the level on maturity aspired to and clarity on measures of effectiveness and progress Work of the Board is informed by dashboard of measures of quality for service delivery and customer experience that crosses subsidiaries The Board ensures all business cases and partnership agreements meet rigorous due diligence processes, agreed in advance and comply with the organisation's sustainability policies Benchmarks used for setting remuneration levels are based on equivalent organisations The sustainability policy suite is aligned to the organisation's mission, values, ethics and strategy The Board is developing success criteria based on our financial, social and environmental performance with metrics that are clear and understandable, that add value to the organisation's mission and dock into existing management tools and resources	Lessons learned from both success and failure are part of the culture of the Board and organisation as a whole The Board regularly reviews the effectiveness of staff and service user engagement in quality assurance Potential internal and external system failures are identified and jointly mitigated For sustainability, the Board is now reporting against pre-agreed success criteria as part of the management KPIs and can measure the wider impact of the policies. Policies are embedded in the organisation, embraced and advocated by the staff, service users and stakeholders	The Board secures a consistent standard of stewardship with strategic partners from both the UK and abroad Stewardship of the organisation is seen by stakeholders as having a positive impact on social, economic and environmental issues, as well as narrower measures relating to resources The Board and organisation are regarded by peers, stakeholders and staff as an exemplar. The suite of sustainability policies is aligned with the organisation's strategy, reviewed on an agreed timetable with clear, formal reporting. The organisation is making a difference and having an impact in its sphere as part of its social contract to improve the lives of the service users, staff and stakeholders
IMPACT AND REACH	Under review but not actioned yet or not relevant to the organisation	Impact and effectiveness of the Board, individual members and those holding roles of office, including chairs of committees, are supported by a formal annual development programme Key indicators for all parts of the organisation's business are in place	The Board has established measures for assessing its reputation and performance, as well as that of the organisation The Board is able to demonstrate that it exercises control over key assurance processes	The Board measures and reports the value it adds in terms of its effect on performance and impact Due diligence of partnerships and business relationships includes an assessment of alignment with the organisation's stated values The Board has developed relationships with others that increase its measurable external impact	The Board benchmarks its impact against other comparable organisations inside and outside the sector The role and visibility of the Board is understood and appreciated by staff and service users The organisation is recognised by external stakeholders as being an influential partner in achieving regional and national goals of social and economic value As part of its strategy, the Board knows where it wants the organisation to be in 5-10-20 years	The Board commissions and makes public an independent assessment of its impact and reach, at least once during each strategic planning cycle Overall impact of the organisation is assessed against standards of international best practice beyond the sector, setting a recognised 'industry standard'