

IBE Comments on the NCVO Draft Code of Ethics for the Charity Sector

Introduction

The Institute of Business Ethics is an educational charity whose objective is to promote high standards of business behaviour based on ethical values.

It was founded over thirty years ago and funded by corporate, institutional and individual subscriptions. The way an organisation is governed is a crucial element in making sure that that high standards of corporate behaviour are achieved and maintained.

Indeed, the challenges around governance are also evolving as organisations in the charity sector seek to address the trust deficit that has recently come into sharp public focus. Nowadays, trustees (or their equivalent) must be concerned not only with the processes around accountability, strategic decision-making and risk oversight. They must also learn to understand and shape the drivers of behaviour within their organisation and consequently its impact on society in general and beneficiaries in particular.

All of these are important issues for the IBE and we are therefore grateful for the opportunity to respond to this consultation on the proposed NVCO Code. Getting the right language in place is a delicate task; in some important areas more work may be needed to get the drafting to a point where it commands the broad consensus support throughout the Charity sector. This is essential if it is to be consistently effective.

We welcome the initiative of the NCVO to address the fact that there is at present 'no overarching set of principles that reflect the values shared across the charity sector'.

The IBE has some general comments on the draft code as well as suggestions which we think would clarify some of the wording.

These comments are based on our experience in assisting organisations in both the private and public sector with the content, presentation and subsequent training programmes of their codes of ethics and their application in day-to-day operations.

General Suggestions

Core ethical values are the basis of any useful code of business ethics. The word values does not occur in the Draft until page 3. Here it refers to the charities 'upholding their fundamental values...'

We suggest that this wording is introduced at the beginning of the second sentence in the second line of the document: 'It is based on fundamental values and sets out the key principles...'

1. There is virtually no obligation mentioned in the draft, for regular reporting of the application of the principles set out in the Code to either supporters or beneficiaries in for instance, the Annual Report.

We suggest that a sentence be added at the end of the Introduction which says: 'They should report to their supporters and beneficiaries in their Annual Report on how they are applying all aspects of the code'

2. There is a difference between Principles and Values. In the NVCO draft code, the four principles contain two values and two principles. Our experience suggests that selecting up to four values and then applying these in the form of principles has more uptake in practice than mixing them.

We suggest that the first principle should be modified by using the word 'Service' as the first value. 'Beneficiaries first' can then be added in brackets i.e. Service (Beneficiaries first). Similarly, the value of Safety could be followed by (Right to be safe).

Specific Suggestions

1. Page 1, line 2: After the word 'It' insert: is based on fundamental values and..'
2. Page 1, second bullet point: Delete 'individuals' and substitute 'employees and recipients'.
3. Page 1, in the first line under Definition and scope, insert 'giving guidance on' after the word 'on'.
4. Page 2, in the para starting: 'The code is aimed....', insert 'and reliable' after the word 'safe'.
5. Page 5, under 'upholding the principle', second point, third subhead, Delete 'complaints' and substitute 'speak up'.

The senior staff at the Institute are available to discuss these comments and assist in the drafting of the revised NCVO's Code

Enclosed, please find a recent IBE Briefing on "Ethics in the Charity Sector" which refers to the NCVO's initiative.