

# Essential Governance

How to make your new co-op work

**THINK**

*different*

 Co-operative Congress  
London 23 June 2018

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# Scope of this workshop

- Co-operatives
- Why good governance is important
- Constitution
- Roles and Responsibilities
- Typical issues
- Solutions



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# Why good governance is important

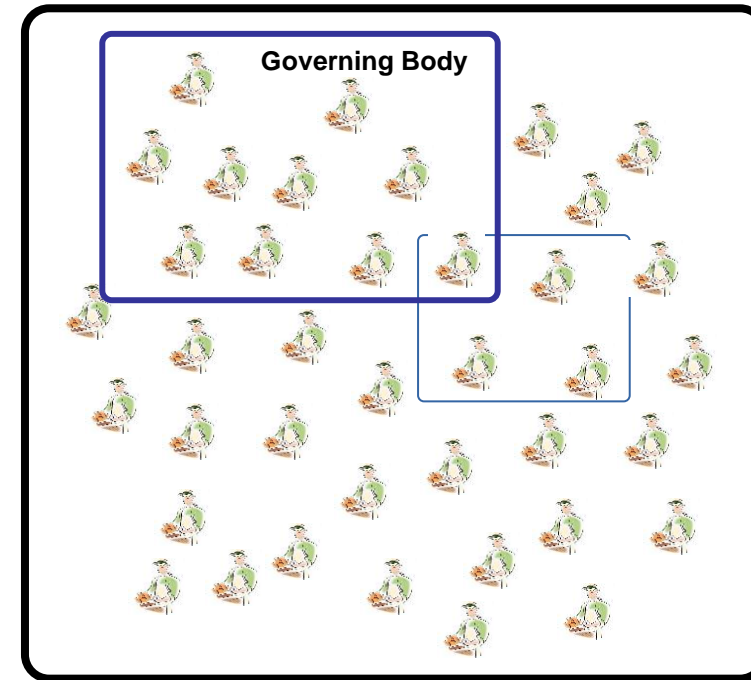
- Ensures that the co-operative survives and thrives by
  - delivering its objects;
  - being accountable to its members;
  - being legally compliant; and
  - having effective oversight of its finances; and
  - managing the risks the co-operative faces.

# Constitution

- The governing documents of the co-operative
  - Rules, Articles, Partnership Agreement etc.
  - Secondary Rules
  - Standing Orders
  - Policies and procedures
  - Member agreement
- Coherence is critical!

# Roles and Responsibilities

- Member, Shareholder
- Director, Committee Member
- Company Secretary
- Chair (optional)
- Treasurer (optional)
- Sub-committees



# Duties of Directors (Society)

- ❑ The duty of good faith
- ❑ The duty of care and skill
- ❑ The duty to obey the law

Also considered best practice to comply with the duties of company directors as codified under Companies Act 2006.

[www.uk.coop/guides](http://www.uk.coop/guides)



# Typical issues

- What are they?



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# Typical issues

- ❑ Conflict – due to lack of clarity around roles and responsibilities.
- ❑ Inability to attract new Directors.
- ❑ Poor financial oversight.
- ❑ Lack of any proper strategy or risk management.
- ❑ Lack of legal compliance.
- ❑ Poor member engagement.
- ❑ Co-op changes but governance doesn't
- ❑ Founder syndrome



# Solutions?

- How does this relate to your co-op?
- How can we avoid the governance pitfalls?

# Solutions?

- Good induction – member/director
- Good member communications
- Rolling business plan
- Regular review of policies/procedures
- Audit – financial & governance
- Invest in members/directors skills
- Effective meetings
- Do not mistake financial health for co-op health
- **Review of vision/mission/structure**
  - Change destination?
  - Change ship?
  - Change course?
  - Change everything?