

# The role of a co-operative board

## Role of the Board

The role of a co-operative board is to ensure the long-term success of the enterprise in accordance with the International Co-operative Alliance Statement on Co-operative Identity<sup>1</sup>. The Board is appointed by and accountable to the members who own and control the co-operative. The Board represents the membership, making business decisions the interests of members. The Board acts as the custodian of the co-operative's assets to safeguard the enterprise for the future.

A co-operative board provides accountable leadership by setting the strategic direction of the enterprise ensuring it runs efficiently within a framework of prudent and effective controls and in line with co-operative values and principles.

The Board's key responsibilities fall into the following areas:

### **1 Vision and mission**

- 1.1 Determine the co-operative's future vision and what it wants to achieve. Align the vision with the purpose set out by the members in its governing document and reference the value that will be generated for members. Establish the co-operative's mission in order to communicate and ground the vision in practical terms by outlining what the co-operative is going to do and why.

### **2 Strategy and objectives**

- 2.1 Develop strategy to ensure the overall success and performance of the co-operative and safeguard the business for the future. The strategy and objectives will focus activity and set the pace for current operations and for the future of the co-operative.

### **3 Culture and values**

- 3.1 Set the values, ethos and culture of the co-operative, having regard to the International Co-operative Alliance Statement on Co-operative Identity and the co-operative's obligations to members and other stakeholders. The Board must act with integrity and probity whilst promoting behaviour that demonstrates the organisation's culture and values.

### **4 Accountable leadership**

- 4.1 Provide effective, accountable leadership which meets the Board's obligations to its members. Protect the co-operative's assets by exercising independent and objective judgement and be held to account for the co-operative's performance. Promote the growth, development and diversity of the membership by encouraging members to exercise their democratic rights and actively participate in the co-operative.

## **5 Control environment**

- 5.1 Establish an effective system of internal controls including risk management and financial processes. The system of internal controls will ensure compliance with legal and regulatory duties, safeguard the co-operative's assets and protect member interests. The Board must manage resources effectively to ensure the co-operative's viability is maintained. Internal controls must reflect the size, complexity and risk profile of the co-operative. The board should review compliance and progress in order to report to members at least annually.

## **6 Governance processes**

- 6.1 Establish robust governance processes which align with the requirements of its governing documents. Processes should support the delivery of its purpose and enable effective decision making including appropriate delegation to subcommittees, the executive and members of staff.

## **7 Succession planning**

- 7.1 Maintain a diverse Board with an appropriate balance of skills and experiences in order to discharge its duties effectively. Procedures should be in place for professional development and succession planning for the Board and Chief Executive alongside the regular renewal of directors sitting on the Board.