An Introduction to Non-Profit Governance

Suneet Sharma charity non-profit governance specialist breaks down what is meant by governance in the non-profit context, perfect if you are just starting out as a group or charity or just joining a small charity and want to understand the basics. This article is for guidance only with information as at 21 November 2025.
Visit us at: https://sharmaongovernance.co.uk/

Governance refers to "the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation." – the Charity Commission for England and Wales

Sounds daunting and complex right?
It doesn't have to be.

This article breaks down an approach into six inter-linked parts from my experience working across 5+ non-profits over 10+ years:
Purpose. People. Entity. Policies. Practice. Performance.
(In some micro non-profits the 4P model suffices as they operate informally without a registered entity, using, for example a Terms of Reference to bind things together and reflect shared activity towards a common purpose).

🎯 **Good governance happens where**
PURPOSE, PEOPLE, ENTITY, POLICIES, PRACTICE & PERFORMANCE ©*
all operate consistently and reinforce each other.
*Suneet Sharma, 2025.

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Purpose

Central to your work is defining the purpose of your non-profit. Having a clear and impactful purpose underpinned by need and mapped to a robust theory of change (how we make the change we want to see) will help you visualise how to translate purpose into impact.

In many small charities to larger charity's these are mapped in what is called a governing document such as Articles of Association or a Constitution. With a constitution are the objects of the non-profit, also known as its core aims and how it achieves those aims. A quick scan should provide a detailed insight into their full scope of work and map to some of the thirteen charitable purposes.

These include things like relieving poverty, advancing education, protecting the environment, or promoting health. Your charity's work must fit within at least one of these categories and deliver public benefit (that your purpose must be beneficial to a sufficient section of the public- more on that from the Commission here: https://www.gov.uk/government/collections/charitable-purposes-and-public-benefit).

Take these from the National Council for Voluntary Organisations (NCVO):
3. Aims: To create a society where people are inspired to make a positive difference to their communities.
This then broken down into various means of achieving the specified aim:
"Means of achieving objects (or how the charity helps):
- Provides Buildings/facilities/open Space
- Provides Services
- Provides Advocacy/advice/information
- Sponsors Or Undertakes Research
- Acts As An Umbrella Or Resource Body

People

These are the people who form your non-profit and are the key drivers for the translation of purpose into impact. In many very small charities these are usually a small group of volunteers or your trustees, the formal term for those legally responsible for running your charity- those ultimately responsible for the running of the charity.

Many of these volunteers will wear multiple hats- defining what those hats are and roles/remits maybe helpful in operating effectively. Identifying skills and knowledge needs early on can pay great dividends later.

I use the RACI matrix,
RACI stands for who is: **Responsible (does the work)**, **Accountable (makes the final decision), Consulted (gives input), Informed (kept updated).** I find it really helpful to provide clarity, put it in into a small table and it really helps bring clarity to operations.

AREA	Chair				Treasurer				Secretary			
	R	A	C	I	R	A	C	I	R	A	C	I
Community Building												
Operations oversight												
Fundraising												
Governance												
Finance												

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Entity & Policies

Entity: If your non-profit is a building this is the scaffolding, it has to be fundamentally aligned or everything else will collapse. The types of some of the prominent non-profits in England and Wales, which can be created and registered with Companies House or the Charity Commission.

Critically, your entity type is important as limits how you run, who can run it, what you can do and who you are accountable to. Getting this right is key and you're not expected to navigate this alone. See the charity commission guide to setting you your charity and focus on the structures section to get started: https://www.gov.uk/setting-up-charity/structures

There are four common charity structures: Charitable Company, Charitable Incorporated Organisation, Charitable Trust, or Unincorporated Charitable Association. It is imporatant to understand the limitations and advantages of each to chose the one which suits you the best.

Policies should dictate how you operate and be reflected in practice- whether from a framework set by terms of reference or a more formal model, using a entity above and layering over critical policies such as a Safeguarding, Data Protection, Privacy, Fundraising Statement, Complaints and Conflicts of Interest Policy.
Larger charities may both have policies (what you do) and procedures (how you do it). Some frameworks also exist where you can benchmark your non-profit against best practice, such as the Charity Governance Code which is developed by leaders in the space to set a ceiling for best practice. It can be common to think governance is confined to this area. However, I encourage you to view it as a series of areas and behaviours.

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Practice & Performance

Practice: What most non-profits focus on. The actual doing, the delivery of work to meet their purposes and charitable objectives. Crucially, when delivered within the framework of the other elements, this area becomes as impactful as possible and can be evaluated fairly effectively and easily.

Most importantly keeping an eye on this is key to ensuring you act in compliance and focus on impactful delivery with the framework you have established, otherwise there is a risk a disconnect between what your objectives are and your delivery.

Break this down into categories if it helps such as- Volunteer Management, Programme Delivery (A/B/C), Social Club, Board/Management Meetings etc. This helps you chart capacity as well as activity.

Performance: The final but crucial element is evaluation. Embedding learning is key to elevating governance from going through the motions to a process for iterative improvement.
Do you have values, linked to objectives to help you distil, measure and track impact across your work?
Consider a short set of objectives taken from your charitable objects (your charity's purposes and aims) and consider how you will measure you progress against them. Think of this as the different threads that form part of the rope that you are using to pull towards your goal. This doesn't have to be complex, just ensure each objective that threads into each goal is SMART- Specific, Measurable, Achievable, Relevant and Time-bound.
For example, if one of your objects is 'relieving poverty,' a KPI might be: "Provide food parcels to 200 families by December 2026. This is Specific (food parcels to families), Measurable (200), Achievable (based on your capacity), Relevant (matches your object), and Time-bound (by December 2026)".

A Quick Start 5-Minute guide for joining or evaluating a small charity:

1. **Purpose** - Read your governing document. Can you clearly articulate your charitable objects?
2. **People** - Create or review the RACI matrix or Scheme of Delegation for your key activities. Who does what? Is this clear and logical?
3. **Entity** - Confirm you understand your structure's legal requirements. Use the Charity Commission guide above if needed.
4. **Policies** - List which critical policies you have and which you are missing depending upon the context of your work.
5. **Practice** - Map your main activities. Do they align with your charitable objects? How? Could this be more explicitly defined or presented?
6. **Performance** – Choose or review 3-5 SMART goals for the year aligned with your charitable objects. Consider the appropriateness of the metrics used and cadence of evaluation.