

A lighter touch

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An evaluation of the Governance Project

Sarabajaya Kumar and Kevin Nunan

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Introduction

This report is an evaluation of the Governance Project (hereafter referred to as ‘the Project’). The Project, a voluntary sector initiative, was steered by funders, regulators and support bodies, who perceived that community groups and small voluntary organisations, in particular, need to address governance issues. In order to research and address their concerns, the Project was established to investigate the best ways of strengthening governance through the provision of a variety of training and development opportunities for groups and organisations in London. Governance for groups and organisations in this context was initially defined as focusing attention on the following three areas: (a) setting direction; (b) maintenance of independence; and (c) the importance of board group dynamics. The definition subsequently expanded to accommodate the concepts of accountability and representativeness.

The structure of the report

This report begins by briefly considering the governance environment and the associated competing governance requirements. This is followed by discussion of the Project background and its implementation, illustrated through seven case studies. It then goes on to address the findings and reflects on the learning. Finally, it sketches out some ideas for the future of governance development. Further discussions of relevance to the Project are appended to the main report.

Methodology

This evaluation employed a qualitative methodology to assess the impact of the Governance Project.

The evaluation was conducted between January and October 2001. Primary and secondary data were collected from the Governance Project Co-ordinator, the Governance Project Steering Committee and the Governance Project’s users – the case study organisations and some other stakeholders, including, for example, Council for Voluntary Service (CVS) workers and directors. In addition, wherever possible or appropriate, meetings were attended.

The research involved:

- direct (non-participant) observation at Governance Project Steering Group meetings, Governance Project meetings with case study organisations, and case study organisation meetings
- documentary analysis (wherever possible) of annual reports, strategic documents, and annual accounts or returns to the Charity Commission
- in-depth, formal, semi-structured, face-to-face interviews and less formal, unstructured conversations.

It was assumed that most of the respondents, who included trustees or their role equivalent such as management committee members, paid managers, workers and/or volunteers, could not be expected to give more than one hour for the interviews. In practice, interviews ranged in length from one to two hours.

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In addition, two focus or discussion groups were set up. Discussion group participants in the first group comprised selected chairs of the organisations involved in the Governance Project, a policy maker who was also a member of the Governance Project's steering group, and a funder of the Governance Project. A second discussion group comprised independent experts. It included a director of a medium-

sized international voluntary organisation, who was also a trustee of one of the funders of the Governance Project, an independent funder who was also one of the founders of the Governance Project, and three researchers and academics.

All participants had considerable interest and expertise in governance and the community and voluntary sector.

1 Governance

The governance context

Three overlapping areas of concern that arose in the 1990s were as follows.

In the international context, the first relates to the debate about the role of ‘civil society’ organisations within which community groups and small voluntary organisations are located, which are increasingly seen as vital for good governance at both the local and national levels.

The second concern relates to scandals in the private, public and voluntary sectors, which have led to national disquiet about the standards of conduct of those in governing positions. In order to address these fears, a number of committees were established – ‘Cadbury’, ‘Greenbury’ and ‘Nolan’. In addition, in response to declining public confidence and the increasing unwillingness of new trustees to come forward, the National Council for Voluntary Organisations (NCVO) adapted Nolan’s ‘seven principles of public life’ into a code of conduct for charity trustees which was endorsed by the Charity Commission.

The third concern relates to a gap which appears to have emerged between the funders and regulators on the one hand, and groups and small organisations on the other, in terms of their expectations, understanding and experience of governance. This became more apparent when they came into increased contact with one another as a result of contracting, regeneration and consultation efforts of statutory agencies.

Competing governance requirements

Various actors, including the regulator (i.e. the Charity Commission), funders (i.e. the

benefactors), users and members (i.e. the beneficiaries) and management committee members (i.e. the trustees), were becoming increasingly concerned about governance. These concerns related to the following.

- For the regulator there was some evidence of declining public confidence in charities.
- For funders there were reputational and financial risks.
- For management committee members there was a lack of clarity in relation to their apparently onerous duties.
- For members and users there were some frustrations that accountability to funders could usurp their democratic role in the organisation’s decision-making structures.

In principle, the regulator works to a charity framework underpinned by trust law, in which relationships between the various actors are clearly defined. In practice, however, guidance from the Charity Commission may conflict with a strict interpretation of trust law. This can lead to confusion for trustees, who are, in trust law, accountable to their objects, but who are also accountable to their stakeholders according to published Charity Commission guidance.

In addition, central government policies of ‘contracting out’, ‘tackling social exclusion’ and ‘promoting social entrepreneurship’, intended to stimulate an increase in local activities, have added to this confusion, because of their emphasis on different aspects of governance. Small community groups and organisations have been affected in particular, as they have

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been pulled in different directions by such multiple and competing governance requirements. Specifically, for different actors the governance issues are as follows.

- For a voluntary organisation contracting to deliver services, their governance concern is linked to accountability to purchasers/commissioners for spending public money.
- For community groups involved with regeneration partnership boards, theirs is linked to representativeness and accountability to the community.
- For those wishing to counter exclusion, by strengthening civil society, through increased trust between individuals via their autonomous associations, the governance issue relates to having a clear sense of purpose and a strongly independent outlook.
- For those wishing to promote social entrepreneurship, the governance concern relates to balancing the needs of representative democratic accountability with individual action.

In response to these concerns the Governance Project set out to find the best way(s) of strengthening the governance of small new and emerging voluntary organisations.

2 The Project

Background to the Project

The seeds for the Project were sown in approximately 1996. As a result of the Charity Commission's then new outward-going policy, their head of registration approached the City Parochial Foundation (CPF), a major funder of refugee community groups and pioneer of the 'Small Group Worker Scheme' supporting community groups (Gameledin-Ashami and Harker, 1997). The Charity Commission (CC) was concerned about applications they were receiving, especially from refugee community groups, to register for charitable status.

These concerns centred on the following:

- inappropriate or inadequate constitutions. In other words, they were poorly worded, had inconsistencies, included non-charitable activity, and specified unsuitable structures
- the use of inaccurate translations of the constitution by non-English-speaking groups
- a lack of clarity particularly with reference to who the trustees actually were
- little or no apparent understanding of charity law
- a lack of understanding about trustee roles and their relationship to staff and volunteers
- an absence of a strong governance framework for the groups and organisations.

The key issue for the Charity Commission was that these groups and small organisations

were unable to satisfy the Commission's 'good governance' criteria.

Task groups and lessons from the pre-pilot

Initial meetings between the CC, CPF and the Evelyn Oldfield Unit (EOU), led to a seminar in which governance issues in refugee organisations were debated. As a result two task groups (infrastructure and training) were set up which comprised the CC, CPF and representatives of organisations providing support to voluntary organisations. The latter included the Interchange Trust (Interchange), the Evelyn Oldfield Unit, the Refugee Council (RC), the Trustee Services Unit of the National Council for Voluntary Organisations (NCVO) and the London Voluntary Service Council (LVSC). In December 1998, the training task group piloted a training day on governance issues for an invited audience of refugee and community organisations.

Three key lessons were learned. These were:

- 1 confirmation that training and information in relation to governance was needed
- 2 aspects relating to the format or timing of the pre-pilot had failed to motivate the participants – didactic presentations were not well received by those who attended
- 3 responsibility for ensuring that organisations are aware of and have the skills and competencies to manage issues of governance is a shared one, between the Charity Commission, funders and support organisations, as well as the small groups and organisations themselves.

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There was also a perception within the task group that: (a) similar needs may exist across the sector; (b) suitable training and development opportunities were not being taken up; and (c) local development workers were a vital link to these small groups and organisations.

Reference Group on Governance Issues

A standing committee referred to as the 'Reference Group on Governance Issues' was set up. This comprised representatives from the task groups together with London Borough Grants (LBG) and Voluntary Action Camden (VAC). A paper presented to them was debated and eight key areas were identified as central to their ideas on governance. These are as follows:

- 1 *The meaning and effect of the constitution or other governing instruments, with particular reference to the limits on activities which the objects and powers impose.*
- 2 *The responsibilities and liabilities of Trustees (or their equivalent) and their relationships with staff and volunteers.*
- 3 *How to organise elections.*
- 4 *Financial management and control, including strategic or business planning.*
- 5 *Employment matters (where appropriate).*
- 6 *What to look out for before signing contracts, service level agreements or leases.*
- 7 *Fund-raising strategies.*
- 8 *Other matters as appropriate...* (Jackson and Abtahi, 1999, p. 3)

The Reference Group established the Governance Project and became its steering committee.

The Governance Project – how it operated

Originally, it was envisaged by the Project that the Charity Commission, funders and Councils for Voluntary Service (CVSs) would put forward a number of groups and organisations that could participate.

The Charity Commission withdrew, not only because of the departure of a key member of staff, but also because of a growing concern that taking on such a role was beyond their remit. The reasons why the funders did not propose groups and organisations to the Project are complex. They include a lack of clarity and concern that the expectations of the groups and organisations may be unrealistically raised. All of the groups and organisations that participated in the Project were proposed by CVSs (or their nearest equivalent where no CVS existed).

The rationale for selecting groups and organisations from CVSs with differing characteristics was to research how the Project would work in a variety of situations. CVSs were selected to be part of the Project on the basis of the following variables:

- at least one inner London CVS and one outer London CVS
- at least one CVS with one/several dedicated 'small groups workers' and one with generic workers
- at least one local authority without a CVS.

Groups and organisations were selected from a variety of fields, including, for example,

'refugee', 'community', 'arts', 'disability' and 'self-help', and at an early stage of their life cycle. Although the intention was that all groups and organisations should be 'new and emerging' these terms were not clearly defined at the outset.

The Governance Project system

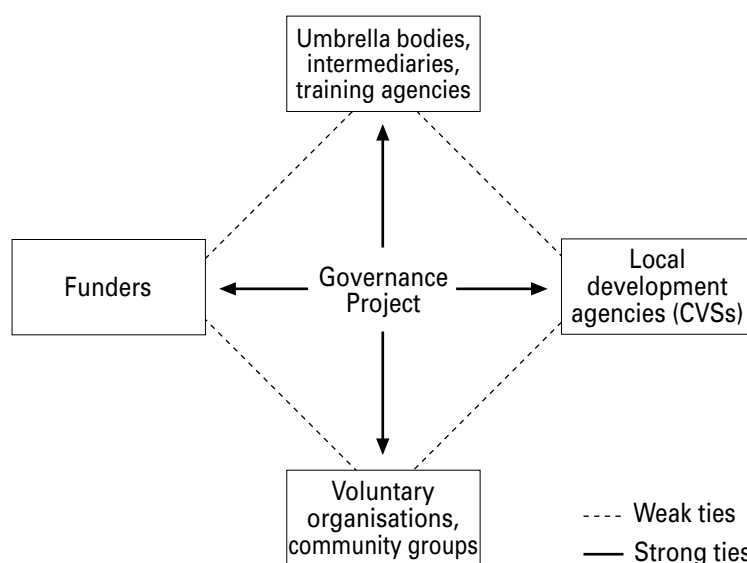
The project was to work collaboratively with a group of funders, intermediaries, CVSs and voluntary organisations that already had existing relationships – the 'Governance Project system'. The assumption underpinning this design was that the project would ensure that relationships between those in the system (i.e. the partners) would work better. The project was to co-ordinate the partners to deliver a package of governance development through the inputs of development workers, training agencies and second- and third-tier support bodies. Figure 1 is an illustration of the relationships between the partners in the Governance Project system.

The dotted lines between the rectangles indicate that the relationships between the various partners are weak. The arrows between the Project in the middle and the partners are an illustration of the new and stronger links that the Project intended to foster.

The main stages of the Project were as follows.

- 1 Contact local development agencies (CVSs), the Charity Commission and funders to identify likely participating organisations and introduce them to the Project.
- 2 In conjunction with partners, select five groups and /or organisations from four London boroughs.
- 3 Commence needs analysis in relation to the selected groups and or organisations.
- 4 Together with each participating organisation, draw up a development plan.

Figure 1 The Governance Project system



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- 5 Resource and assist groups and organisations to follow through their plans, revising plans as necessary.
- 6 Evaluate interventions and plan exit strategies from each group/organisation.

Figure 2 shows how the Project intended to operate. The arrows indicate the contact between the Project Co-ordinator and the group/organisation. The blocks indicate activities such as a meeting or a workshop. Those in white are 'off-the-shelf' activities (i.e. existing courses). Those shaded are activities tailored by the Project.

A launch event at the Globe Theatre brought the 20 participating groups and organisations together. The Project defined governance in terms of direction setting, taken from the Latin *governare* – 'to steer' (*Collins English Dictionary*: 1994, p. 669); promoted a variety of possible governance interventions such as 'training', 'consultancy', 'advice', 'mentoring', 'coaching', 'networking', 'shadowing', 'action learning' and 'peer support'; and clarified the resources available and the time constraints the Project was working to.

Experience of the Governance Project – case studies

The following seven case studies have been selected to illustrate some of the key lessons that the Project learned. Each case outlines: the governance purpose, which reflects the group's or organisation's implicit understanding of governance; the case history, which outlines the group's or organisation's background; the critical governance issue and the Project's intervention; and finally the most important learning for the Project.

Case study one

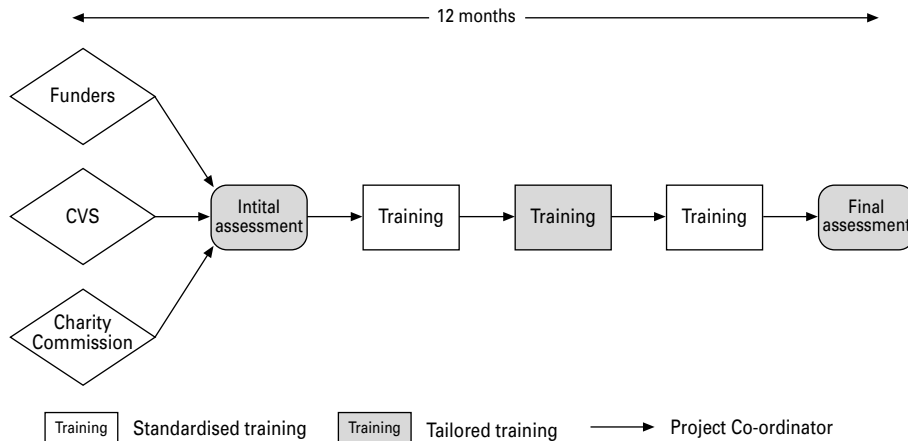
Governance purpose

The governance purpose in this organisation was to enable the stakeholders to reach a consensus on the organisation's ethos and direction.

Case history

A women's sexual abuse survivors organisation with a collective, self-help ethos was initially assessed using a simple governance questionnaire. The organisation presented a contradictory picture of governance in which

Figure 2 An illustration of how the Project intended to operate



initially the respondents were unable to identify any governance issues. According to them everything was fine. The organisation had appropriate structures in place. It was only through conversation that it became apparent that the organisation was preparing to close and was looking at exit strategies. It identified fund-raising and its fund-raising strategy as areas of concern, hence the anticipated closure. However, given that key individuals in the organisation had already attended arguably one of the best fund-raising courses available, in skills development terms it appeared that there was nothing further the Project could offer.

Having said this, there was clearly a problem that needed to be addressed. The organisation's trustees, paid staff and volunteers appeared to lack confidence and inspiration. Organisational development theory provided a clue to the solution, as it indicated that organisational motivation and attitude (Kaplan, 1999) could be addressed through certain techniques. The Project arranged for specialist consultants who used 'appreciative inquiry' techniques to facilitate change. Appreciative inquiry is a process that enables those within an organisation to envisage a positive future and achieve that goal in a collaborative and emergent way, through stages of facilitated dialogue (Oliver, 2002). As a result of the intervention the organisation decided not to close but to continue. They fund-raised successfully and are now thriving.

Learning

Although the organisation rated the Project's interventions positively, they did not necessarily link the intervention with their current success. The learning for the Project was twofold. First,

organisational and governance development issues may overlap, particularly in an organisation with a collective ethos. Second, the heavy bias for small organisations to be task-focused is one reason why they are sometimes slow in gaining insights into their own development. Time for structured reflection may aid self-awareness. Ultimately, external factors, overt or covert, influence governance development to a large extent.

Case study two

Governance purpose

The purpose of governance in this organisation was to articulate a shared purpose, prioritise competing aims and ensure that the group achieved its main priority.

Case history

Single mothers who had sought asylum in the UK with their children formed a women's group less than two years ago. Like the previous case study, they had a strong self-help ethos and a desire to act collectively. During the 'development needs assessment' they indicated interest in a foundation course. Although this seemed a relatively simple request, the Project had not anticipated the difficulty in accommodating it.

The group was new and isolated and relied heavily on a local development worker. Their English lacked fluency. The Project booked a variety of LVSC and Interchange Trust courses for them, which together formed a foundation course covering most of the eight original areas (see the section 'Reference Group on Governance Issues' earlier in this chapter). Although the package was disjointed and lacked the cohesion of a dedicated foundation

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course, it was all that was available. Given the limitations of this approach, the Project engaged the local development worker (who had been made redundant during the Project) to help the group to integrate these various courses into a meaningful whole. Unfortunately these approaches did not work for the following reasons. The group was reluctant to travel outside their local authority area, and therefore they often did not attend the courses. In addition, the Project's relationship with the development worker became strained as she acted as a gatekeeper to the group, appearing to follow her own agenda.

Learning

In this vacuum, the 'hands-off' approach of the Project did not work effectively. The way the Project worked with this organisation was the closest to the original vision, in that a governance foundation course was assembled from existing training provision and organised 'at a distance'. However, the degree of marginalisation of the group and lack of suitable existing course provision, coupled with difficulties between the Project and the local development worker, made the original plan untenable.

Case study three

Governance purpose

The purpose of governance here was to reach consensus on the group's future direction and to implement decisions.

Case history

A self-help support group for drug users in recovery jointly agreed the following strategy with the Project. They wanted an 'away day' to help them develop a shared vision, and clarify their roles through using team-building

exercises. They also required a number of individual skills training courses which corresponded to the eight governance areas (see section 'Reference Group on Governance Issues' earlier in the chapter). They were able to follow up all that was agreed at the assessment through regular telephone and e-mail contact with the Project.

Learning

In this case, the hands-off approach as originally envisaged by the Project appears to have worked well. This was largely due to a conscientious social services employee who was not only servicing the group but also proved to be a vital link between the group and the Project. A further reason why this strategy may have worked is that the individuals involved were very receptive to personal development opportunities. However, a consequence of the distance in the relationship between the Project and the group was that the impact of the various interventions introduced by the Project became obscured. A closer relationship with the Project may have led either to changes in the programme or to further co-ordination of efforts, which may have increased the influence of governance development.

Case study four

Governance purpose

The purpose of governance was to provide a mechanism for the membership to hold the officers to account, to prioritise competing aims and to formulate strategies to achieve those aims.

Case history

A pensioners' group with a long history and a very democratic ethos, operating as a mutual

association, had ambitions to offer more to local pensioners than it currently was doing. Reluctant to engage with the Project at a distance they drew it closer to them in order to establish trust. The group comprised very experienced and able individuals and they were not interested in interventions that conflicted with their collective spirit. They favoured dialogue over other assessment methods. Their governance issue was a common one for community groups – they had not focused on a manageable number of goals and were therefore being drawn in a number of directions. The Project tailored the governance intervention of establishing priorities, determining strategies and drawing up action plans in two ways. First, it fitted in with their existing meeting structure and, second, it used participative techniques, which was their preferred way of working.

Learning

The Project learned several lessons. Trust was necessary in order to make an accurate assessment of governance development needs, as well as for governance interventions to work. It was necessary to work in a way sympathetic with the organisation's values and it was important to look at board functioning in terms of group dynamics. A self-confident organisation will set its own pace and dictate its own terms for governance development.

Case study five

Governance purpose

The purpose of governance here was that the group wished to govern themselves. However, in order to claim the tax concession of business rate relief for their building from the local authority, they had to become a registered charity. This meant that the members of the

collective, as beneficiaries, could not act as trustees.

Case history

An artists' collective had formed a charitable trust, principally to gain business rate relief on their large studio premises. Through dialogue it became apparent that there was a conflict over who 'owned' the organisation. Like many collectives in the past, the group had found it necessary for financial reasons to have charitable status. In order to comply with the legal requirements they had 'parachuted in' a board of trustees. They were faced with two choices. They could either concentrate on the linkages between the artists and the trustees as a strategy to make governance work, or they could search for a more suitable legal framework, which would allow the artists to have a direct say in their own governance. The Project's approach was twofold: first, to enable the collective to clarify their options; and second, to engage an experienced consultant to guide them through the implications of their decision. The artists met with a representative of the Industrial and Common Ownership Movement (ICOM) and discussed the possibility of conversion to an Industrial and Provident Society (IPS), which may allow for up to half the governing body to be made up of artists from the collective.

Learning

The Project learned that getting the right legal framework is important. Like many other collectives that have become charitable, there is a conflict between the legal framework of the charity and the notion of worker or user control. Given the number of community organisations that have a collectivist approach, this is a

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serious issue for the sector and needs to be addressed at the level of the enabling policy framework.

Case study six

Governance purpose

The purpose of governance was to mediate between competing stakeholders on the governing body in a way that was consistent with their values, to gain a shared understanding of the organisation's role and direction, and for the members to hold the officers (and the staff member) to account.

Case history

Unlike most other case studies that the Project was involved with, this one was not driven by a crisis situation. The organisation took some time to build trust with the Project and, through dialogue over a considerable period, it became clear that their governance challenge was a lack of strategy linking their vision to their activities. To a lesser extent, there were also issues around the legal framework. Their democratic ethos and complex structure did not sit well with their ambition to gain charitable status. The Project recommended a classic 'board retreat approach' to governance development, focusing on developing a shared strategy. The group was given two options. The first included external stakeholders. The second was for internal stakeholders only. The group chose the second, concentrating on the board. This was, in retrospect, the most appropriate choice. The Project introduced a facilitator who planned the retreat with the chair to focus on strategy in a way that was participative, democratic and fun. The retreat contributed significantly to the governance deficit that the Project had identified.

Learning

The Project learned from this case study that, even the most able groups with highly skilled professionals, need to establish a rapport and a degree of trust with those working with them. Able groups who are not in crisis can benefit enormously from the board retreat style of governance development, provided that it is carefully planned and skilfully run and addresses their concerns.

Case study seven

Governance purpose

Governance for this group involved gaining a shared understanding of the issues, general agreement on the way forward and accounting for the income once the project started.

Case history

A group had spent some time debating an issue common to them all and decided to form a consortium-led project to test out their ideas. They assembled a steering committee to guide the project. Although they were drawn from a wide range of stakeholders, users were excluded. During a concentrated period of activity the committee experienced membership changes, including the loss of key founder members and the addition of new members. A crisis developed when the group realised that a shared understanding of the issues under discussion did not exist. This threatened the future of the work.

To address this, the consortium held a half-day meeting in which the history of the project to date was explored, to help the newer members understand the perspective of the older members. Scenario-visioning exercises explored various options for the future in order

to find common ground amongst the different perspectives.

Learning

The project learned that diversity brings a broader range of views to the table, but also creates challenges, as a consensus must be

found from positions that are far apart. It was valuable to look at board functioning in terms of group dynamics and to address tensions through processes that emphasised common ground and shared understanding.

3 Reflections

Findings and learning from the Governance Project

What actually transpired was different to what was envisaged. The idea that groups/ organisations would be signposted, at a distance, to appropriate training provision and development opportunities only occurred in one of the 20 cases. This is illustrated by case study three in the previous section. Groups and organisations actually needed far more contact and input from the Project than was planned. The flow diagram (Figure 3) illustrates what actually happened.

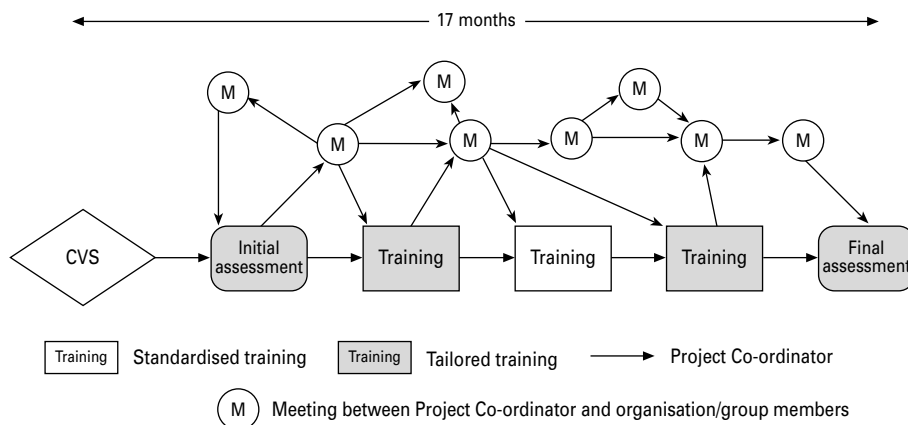
Learning from experience

Important lessons learned related to the definition of governance, the method of assessment and the length of time it took, the motivation of participants, the nature of existing provision, the development approach and the tensions between stakeholders.

- There were *multiple and competing conceptions of governance*.

- Accurate *assessment* of each group's and organisation's governance issues was problematic and took longer than anticipated.
- Experience of a 'taster' training programme indicated that a provider-led approach, in which participants were required to attend courses on key governance topics, did not *motivate* individuals, groups or organisations.
- There was limited suitable *existing provision*.
- The Project attempted to address the governance implications of *tasks* that were of concern to the groups and organisations themselves.
- The Project increasingly had to address *development needs* that were not strictly governance.
- There was a *tension* within the Project between stakeholders. Some preferred the Project to take a flexible approach, whilst others preferred one that was standardised.

Figure 3 A flow diagram illustrating how the Project worked in practice



These lessons are explained in detail in the following section.

Definition of governance

'Governance' is an elusive concept which can be defined in a variety of ways. This is depicted in Figure 4 overleaf.

The Project encountered a variety of definitions of governance. These ranged from: carrying out a list of duties (such as those listed in *The Good Trustee Guide*: Nunan, 1999); fulfilling a role (such as custodian or governor or representative); fulfilling legal duties (such as fiduciary duty, duty of care); possessing a range of structures and processes (a constitution, a board of trustees, written procedures); and characterising the group processes of the board of trustees (weak leadership, factionalism, maverick trustee).

The Project found that although actors were not always overtly aware of how they defined and conceptualised governance, each thought about governance in different ways at different times. This led to a lack of clarity, where certain aspects of governance were emphasised over others. For instance, for some, structures and procedures (i.e. constitutions, remits and policies) were given a higher priority than people and processes (i.e. group dynamics, interpersonal relationships and group decision making), whilst for others the opposite was true.

The Project also found that it was sometimes necessary to use different definitions of governance in order to discover the group's or organisation's critical governance issue. For instance, the issue might be structural (a poor constitution), procedural (missing or conflicting sub-committee remits), role conflict (with some

trustees fulfilling a custodian role and some a democratic representative role), dysfunctional group processes (a particularly weak chair or a maverick trustee), or an absence of crucial competencies amongst the individuals concerned (none of the board able to take a strategic view).

This meant that a coherent approach to governance development may be inhibited, leaving it vulnerable to being sidelined in favour of development activities with more tangible outcomes. In addition, experience of the Project suggests that small groups and organisations tend to focus on their short-term tasks, rather than balancing the short-term with the long-term.

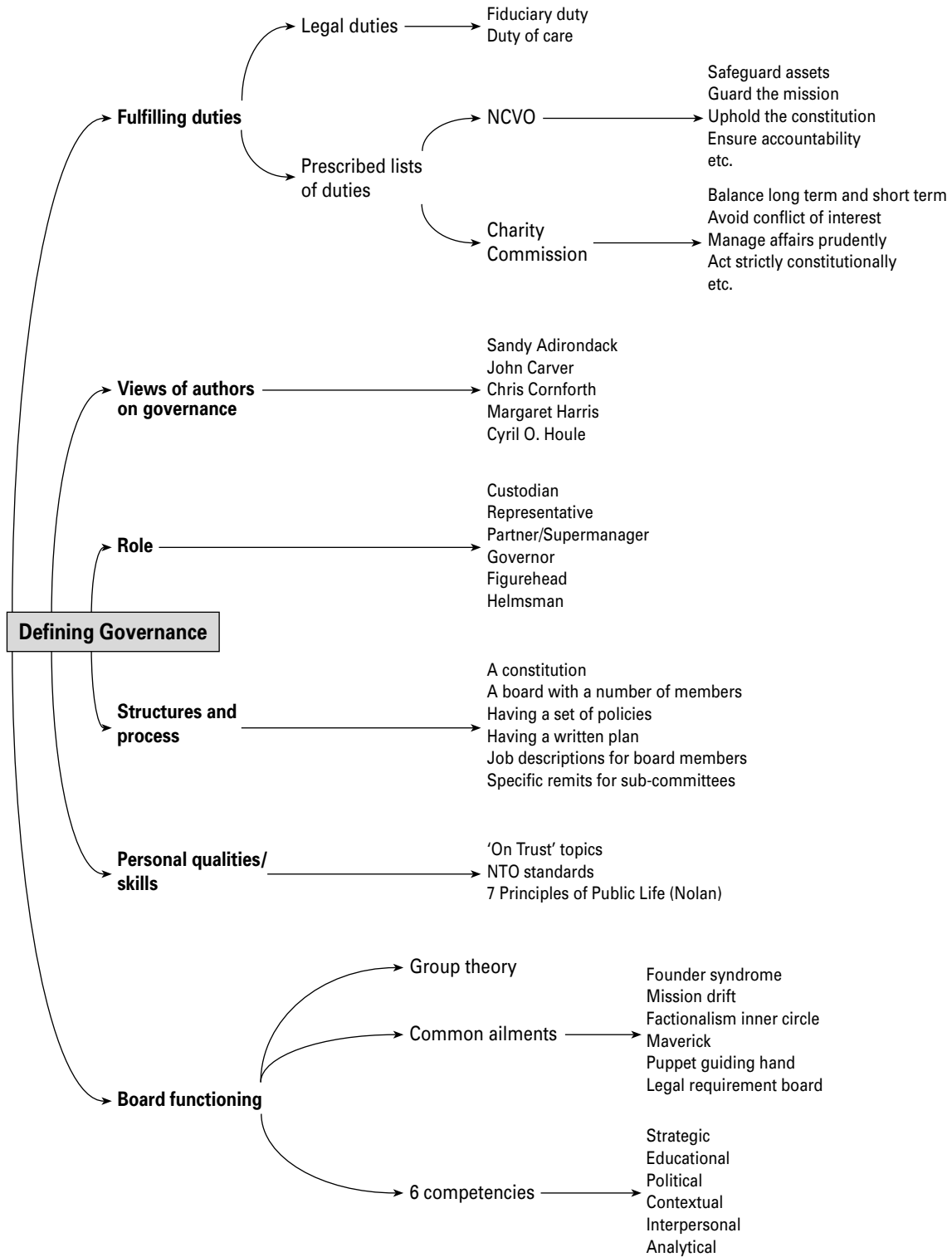
Each definition of governance requires a corresponding assessment tool.

Assessment

All groups and organisations were reluctant to allow sufficient time for a thorough assessment. Since in many cases the initial diagnostic tool did not reveal any governance issues, a wide variety of instruments had to be used in order to get at the real issues. Taking a compliance approach prompted groups and organisations to emphasise their strengths and hide their weaknesses, hence less areas for development were identified. In addition, they were hesitant about revealing weaknesses and they sometimes lacked perspective about the issues relating to their own governance.

The assessment process was lengthy, even in areas with small groups workers, and in nearly all cases, contact with the groups largely transferred from the local development worker to the Project. However, the expected transfer of trust from the local development workers to the

Figure 4 A diagram depicting the variety of definitions of governance



Project that was originally envisaged did not occur. Community groups and small organisations often drew the Governance Project co-ordinator into a personal relationship, only revealing their governance issues over time, as trust developed.

Motivation and tailored interventions

To motivate participants, the Project learned that it needed to take a 'bottom-up' approach and to take account of the way that adults prefer to learn.

Drawing on Freire's (1972) experience of adult learning, the Project recognised that learning needs to be:

- of practical worth
- of immediate value
- part of an ongoing dialogue
- imparted by a near peer
- rooted in experience, which is valued by participants more than theoretical ideas.

It took a flexible, needs-led approach to governance development. In order to engage the participants it recognised that interventions needed to be task-orientated.

Existing provision

In planning the project, the 'Reference Group on Governance Issues', the progenitor of the Governance Project, had assumed that there was adequate existing provision of appropriate governance training and development opportunities. Thus the Project's role would be one of co-ordination.

However, it became apparent, at the point when the Project attempted to match participants' needs to available courses, that there was limited suitable provision.

Furthermore, consultants with relevant perspectives and experience were also difficult to find. This is because not only did they have to be competent to intervene with the presenting problem, but they also had to have the knowledge to do it in a way that simultaneously strengthened governance.

Another underlying assumption of the 'Reference Group on Governance Issues' was that training agencies would co-operate to develop common programmes to uniform standards. However, this proved to be over-ambitious.

Governance development approach

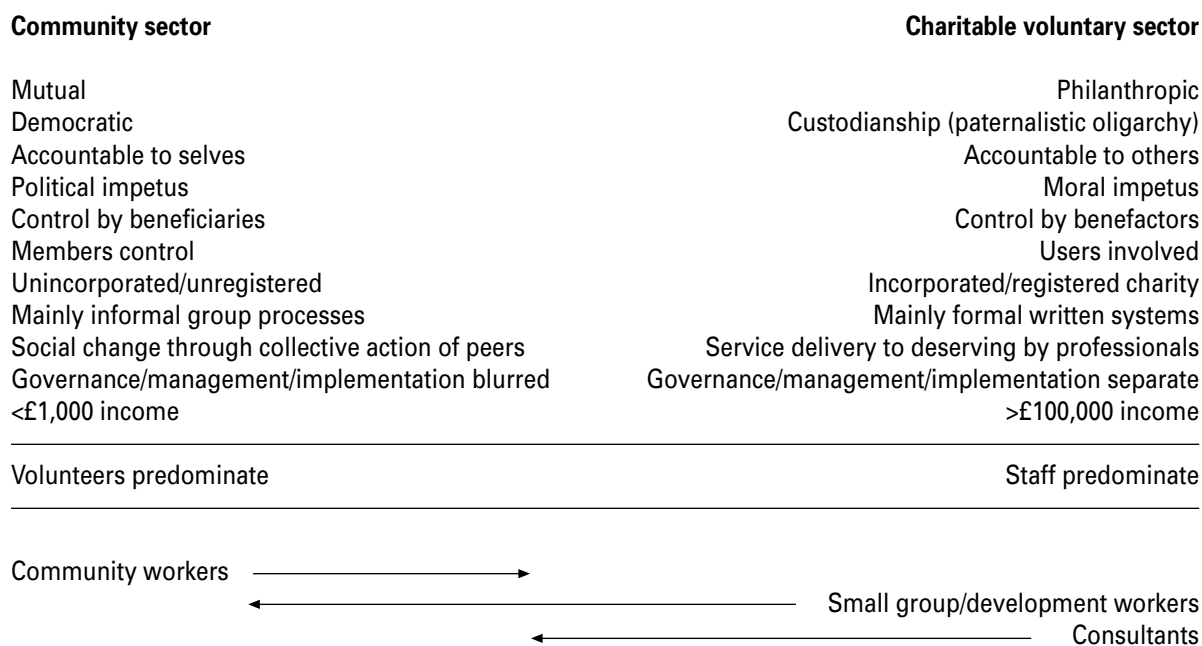
Approaches to governance development reflect two perspectives. The 'top-down' approach emphasises training to achieve compliance to externally defined standards, and the 'bottom-up' approach emphasises the governance needs from the perspectives of the group/organisation.

This debate between top-down and bottom-up approaches is not new, and is reflected in Beveridge's (1948) categories of 'philanthropic' and 'mutual'. This is further illustrated in Figure 5.

Although the Project was also task-focused, rather than concentrating on skills development of key individuals, it addressed governance in terms of all of those involved in governing, using a board development approach. Unlike some interpretations of governance, where group dynamics are neglected, as they are neither considered to be part of human resources development nor central to organisational development, the Project considered that it was important to develop the trustees as a group. It also employed an

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Figure 5 An illustration of the extremes of the spectrum that groups and organisations fall into and those who work with them



Source: Adapted from Deakin *et al.* (1996), Elsdon *et al.* (1998), Garratt (2001), Kendall and Knapp (1996), Salaman and Anheier (1997) and Wilson (1995).

organisation development approach, aimed at systemic development of the whole organisation.

The Project addressed the governance implications of topics that were of concern to the groups and organisations. For instance, an interest in fund-raising could not only be linked back to the organisation's overall plan for the future, but could also highlight the importance of the funder's perceptions about the strength and cohesiveness of the management committee.

By negotiating development activities that were wider than just training courses, which satisfied both the organisation's perceptions of their own needs and the Project's interpretation of their role in governance, the Project engaged

the groups and organisations in governance development.

Partnership difficulties

The Project increasingly had to respond to the broadest development needs of organisations, groups and individuals. Small organisations often did not distinguish between governance development, organisational development and individual development (especially if individuals were synonymous with the organisation). For example, a refugee single mothers' group requested assertiveness and confidence-building training. Such requests, which were not strictly governance, presented a dilemma because the Project had anticipated that such training/development would be

addressed at the local level by development agencies. However, this did not happen for three reasons.

First, the groups and organisations either did not have contact, or had lost contact, with any local development workers, often as a result of the turbulent environment. An indication of this turbulence is that by the end of the Project, of the 16 organisations assigned a local development worker, at the beginning only five still had one at the end. Indeed, even six months into the Project, only six organisations were in effective contact with their assigned worker. The reasons for this included redundancy, end of short-term contracts, restructuring of CVSSs, unfilled staff vacancies and resignations.

Second, there were differences in perceptions and a lack of clarity between some local development agencies and the Project about its role. The groups and organisations were at times working with two or three practitioners (their local development worker, the Governance Project co-ordinator and consultants commissioned by the Project) and the boundaries between the roles could sometimes be blurred.

Third, partnership working can be time-consuming and committee members may not always have the delegated powers to implement the partnership's ideas.

Reflections on the Project

Flawed assumptions

First, whether consciously or not, the Project found a tendency for the Charity Commission, funders and local development agencies to make three assumptions about groups and organisations. These were that: (a) they were

new; (b) they wanted to grow; and (c) their development needed to follow a linear path. These assumptions are flawed for the following three reasons.

- 1 Only a small minority of community groups and voluntary organisations have a clearly defined beginning and are new. Although some are founded by individual social entrepreneurs, most emerge from informal relationships which range from mutual, democratic, unincorporated, community groups (i.e. the community sector) at one end of the spectrum to formal, incorporated, voluntary organisations registered as charities (i.e. the voluntary sector) at the other.
- 2 Furthermore, small community groups and voluntary organisations occupy an ambiguous space between informal and formal activity. This ambiguous space is referred to here as the 'fuzzy frontier'. They do not necessarily develop, as the ladder theory suggests, along a linear, rational path. The tendency to take a linear (i.e. mechanical) approach contradicts the idea of 'mutual causality' (i.e. circular patterns of interaction) (Morgan, 1998) and does not necessarily meet the needs of those inhabiting the fuzzy frontier. Some groups and organisations evolve in loops, with cycles of fluctuating growth. Others do not and are content with their position wherever it is in the spectrum, whilst others are compelled to change by institutional pressures from the environment, and because of their apparent governance and resource requirements. If such groups and organisations are not given appropriate

support and advice, their sustainability may be jeopardised.

- 3 Experience of the Project was that groups and organisations inhabiting this ambiguous space are distinctive because they are dynamic and diverse and have a variety of traditional characteristics of both community groups and voluntary organisations. They ranged from fragile refugee groups with little English and no resources to well-resourced organisations composed of able, professional and influential individuals. Individuals, small community groups and voluntary organisations may be positioned anywhere within this spectrum and individual trustees may embody a contradictory blend of these characteristics.

Trust

The Project found that a 'hands-off' approach was not conducive to governance development. In most cases the Project had to work closely with the groups and organisations from 'assessment' through to 'exit'. It was important to establish trust with the groups and organisations before they would reveal their governance development needs. Community groups and small organisations needed to form trusting relationships for governance development to be effective.

Constitutions

Constitutions are important for two reasons. They are a legal requirement for charitable status and the definitive statement of purpose of the organisation. Poor constitutions were, as anticipated, a root cause of many governance problems. There are two key issues. First, if organisations use an 'off-the-shelf' constitution

to facilitate quick acceptance by the Charity Commission, this can result in a governing document that is inadequately understood by those governing the group or organisation. Second, if groups or organisations develop their own document, a great deal of effort may be expended in trying to find wording that satisfies everyone. However, the latter document will take much longer to be passed by the Charity Commission and the group may be drawn into protracted negotiations, which diverts them from their purpose.

The network effect

The fact that several groups and organisations were networked through the Project and took part in sub-regional seminars for chairs, treasurers and co-ordinators appeared to be important for three reasons. First, they did not feel so isolated and unsupported. Second, learning was reinforced by peers. Third, since these participants, and particularly the chairs, were often involved in other groups and organisations, any individual learning had a wider impact.

Emerging key issues

Two additional key issues emerged during the evaluation of the Project. They relate to performance measurement, accountability and evaluation; and policy. They have been detailed in the following sub-sections.

Accountability, performance measurement and evaluation

Over the last decade, a major emphasis in the public sector has been in relation to evaluation. Increasingly, community groups and voluntary

organisations from all parts of the sector will be challenged to measure their performance, and to think and report in terms of outcomes – in other words, to state the difference that their activities make.

Whilst measuring performance was considered necessary, the following points were raised.

- (a) Both product and process are important.
- (b) Since trustees are ultimately responsible for the organisation, there is a role for them in measuring performance and a further reason for focusing on their governance development.
- (c) An important question that needs to be asked, with reference to measuring performance in the voluntary sector, is who will define effectiveness? This question needs to be brought into the open and discussed with each organisation receiving input as part of a future Governance Project.
- (d) Related to the previous point, there is a need to develop social accounting in addition to financial accounting, where social performance is measured according to the views of their stakeholders.
- (e) Such an approach would counteract concerns that were raised in relation to being output-led and focusing on numbers with an emphasis on quantity at the expense of quality. It is important that funders (from both the voluntary and statutory sectors) recognise that some measures will be necessarily qualitative and soft-edged.
- (f) There is the need to recognise that because of the emphasis on performance and

accountability, the processes of applying for funding can be impossibly burdensome for small groups and organisations. On the question of value for money (VFM), in relation to the organisations the Project worked with, it was strongly argued that VFM should not simply just look at the unit cost per organisation, but that it should be located within the wider context. For example, funders should take into account income or expenditure of a particular organisation, i.e. a £1,500 governance development programme represents a mere 1 per cent of turnover for an organisation with a £150,000 grant – a modest sum in terms of staff development costs, potential returns and amelioration of potential risks to the funder. In addition, funders could cost/ value the amount of volunteer input from the governors/trustees of these organisations.

- (g) Boards were not inclined to resource governance development themselves prior to their experience with the Project – although they did see the value afterwards.
- (h) In relation to VFM and the Project, consideration should be given to the wider benefits that accrue from governance inputs or intervention(s). This was felt to be especially important in relation to the organisations which are still developing their ideas and those organisations with intangible or less tangible outcomes.
- (i) In terms of small and emerging community groups and voluntary organisations, caution needs to be exercised when deciding who is best placed to evaluate a particular service.

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Service users were considered not to be solely always best placed to evaluate services, especially if resources are limited, and the resulting trade-off is that some (i.e. those accessing a particular service) are given priority over others.

- (j) Moreover, it became clear through the interviews with groups/organisations that certain benefits arising from the Project interventions cannot be easily quantified in terms of outcomes. Nonetheless they were seen as significant.
- (k) CVSs and other governance training providers need to be subject to review and inspection to ensure that the inputs that they are providing meet minimum standards.

A major policy consideration – light governance structures

There was unanimous agreement from the participants in the discussion groups that the blanket imposition of formal governance requirements is unduly heavy, restrictive and inappropriate for some groups and organisations registered as charities.

This is because they are at different stages of their organisational life cycle. It was noted that groups are often pushed into progressive phases of development, without having time to reflect and consolidate preceding phases. This pressure was observed as having come from a range of sources, including other development agencies, CVSs, funders and the targets set by the groups and organisations themselves.

This led to the conclusion that governance needs to be 'facilitative' rather than 'constraining'. A set of guiding principles that can be easily understood and worked with

would be an example of the former, whilst the requirement to have a constitution or a certain number of board members is an example of the latter. Therefore consideration needs to be given to developing a 'light governance structure' – something that is minimalist and which enables rather than stifles – and identifying crucial aspects of governance within such a structure. Such a structure would enable a range of groups to develop at their own pace with support and help, and provide space for creative energies to develop. A 'light governance regime' is not just about simplifying language. Although this is important, it is equally important that procedures are simplified. In addition, it has to ensure that the benefits gained from current formal governance requirements such as legitimacy, representation, access to funding and the like are not lost. Light governance structures should not be seen as a permanent fixture. As groups and organisations develop, they could be required to adopt increasingly stringent governance requirements.

From a regulator's point of view, work needs to be done to assess which laws or regulations can be relaxed or removed and what the implications of doing so would be.

In making a case, for example, to the Charity Commission for 'light governance structures', it is also important that funders are made aware of and 'buy into' the need for such a change. This is particularly important if charitable status influences the ability to get funding, whilst, more generally, it has implications for reporting back requirements, the cost of which at times may be greater than the grant received.

It may be more difficult to get this message across to funders due to heterogeneous legal funding requirements. For example, some trusts

require organisations to have charitable status, whilst others do not. Therefore, although it might be worth mooting the idea of 'light governance structures' with the Association of

Charitable Foundations (ACF), for instance, policies vary between individual organisations and therefore each funder needs to be influenced to review and change its policies.

4 The future of governance development – a Governance Programme and recommendations

The key question that has been raised as a result of the Governance Project is how and by whom can the capacity (especially in relation to governance) of groups and organisations in the fuzzy frontier (between the informal community and formal voluntary sectors) be built?

Taking everything into consideration, Anheier and Kumar from the Centre for Civil Society (LSE), consider that the Governance Project has a future. It could be developed into a Governance Programme. This could have five strands.

- 1 First, the Governance Programme could continue some direct work with certain groups/organisations. They could be selected to participate on the basis of, for instance: (a) addressing particular themes (such as environmental organisations, black and ethnic minority organisations, or organisations with an international focus); and/or (b) geographical locations (such as rural, urban and regional). In relation to this point, a Governance Programme co-ordinator could act in the way that a 'venture capitalist' (Letts *et al.*, 1997) would, in relation to business 'start-ups'. In other words, the Governance Programme would work with a limited number of groups/organisations until they reach a jointly defined point at which the latter become sustainable. Together with these limited inputs the programme co-ordinator could provide direct support to local and or regional practitioners/co-ordinators.
- 2 Second, it could cascade governance training and development to practitioners (i.e. development workers, community workers and consultants). It could explore different and new ways of approaching and addressing problems with groups and connect practitioners to resources, ideas, approaches and other related professionals. In relation to the first and second points, the Governance Programme could set up 'pooled knowledge and support networks', one network for groups/organisations and another for practitioners, so that each could meet regularly in facilitated groups.
- 3 Third, the Governance Programme needs to build and direct organisations to useful governance resources. It could provide a 'one-stop shop' giving advice about governance issues in terms of employment, constitutions, business plans and other organisational development. The programme could write up and/or video case studies and make them available through the electronic media.
- 4 Fourth, it could link up with other organisations and decide who is to map the sector in terms of what is available in relation to existing governance training and development support. In addition, the Governance Programme needs to promote a research agenda, which could include, for instance, the effectiveness of governance development.

- 5 Finally, it has a very important policy role. The Governance Programme's leadership needs to engage voluntary sector infrastructure organisations and government entities in pushing for a change in governance models available to small community groups and voluntary organisations.

Recommendations to others

Government

Resources have been made available to strengthen the governance of actors in key areas including: education (school governors); National Health Service (NHS Trust trustees); and some non-departmental public body boards. A comparable investment is needed to support governance development for community groups and voluntary organisations in the fuzzy frontier. In addition, development agencies should be resourced to undertake this development and give advice.

Regeneration agencies

To promote effective capacity building regeneration agencies need to take account of: funding cycles; which allow organisations to plan carefully and take a long-term view; the role of trust; and the importance of tailored interventions; since these were all found to be vital to 'good governance'.

Commissioning training organisations to run programmes of skills-based courses is not enough on its own and short-term funding cycles destabilise organisations by promoting mission drift and opportunism.

Funders

Funders need to ensure the following.

- Make appropriate governance demands on groups and organisations, relative to their stage in the life cycle and/or point on the spectrum.
- Ensure grant making does not weaken governance, for instance by neglecting core funding.
- Consider specific grants to strengthen governance.
- Resist putting pressure on governance development to show immediate results, as this will tend to produce superficial development that is not long lasting.
- Ensure that staff and volunteer development opportunities/initiatives are also available to management committee members.
- Encourage diversity and innovation rather than narrow interpretations of governance.
- Accept that informal organisations cannot, indeed should not, change from being based on group processes into 'nascent bureaucracies' (Rochester, 1998) overnight, as it can be counter-productive to force the pace.
- Understand that most grants are matched, not by funding, but by the valuable time that volunteers give to the group/organisation (this so-called 'sweat equity' should be taken into account when calculating risks as trustees are a major source of it).
- Resource groups to fulfil their own remit. Under-resourcing them inherently weakens

governance, as the organisations' independence and direction setting become compromised.

- Ensure that groups are not destabilised by excessive funding linked to externally set timetables.

Regulators

They should:

- introduce a 'light touch' regulatory regime for small groups and organisations
- treat all applications for charity registration consistently
- focus on using clearly defined and transparent criteria
- encourage transparency between applicants and regulators particularly regarding the use of standard constitutions and objects
- address the dichotomy between a surge in applications – possibly driven by community groups registering in response to their perceptions of funders' conditions – and a stated belief that there are too many charities
- recommend that organisations build their constitutions and objects from standard clauses
- ensure that this work is disseminated to all who may be a first point of contact for new community groups and voluntary organisations. This could include: local high street solicitors; local authorities; umbrella bodies; peer organisations; consultants and training agencies; local CVSs, rural

community councils or other development agencies; and the Charity Commission.

Training agencies

- Links between training agencies such as the London Voluntary Services Council, the Interchange Trust, the National Association of Councils for Voluntary Service, and others such as Progress, the National Council for Voluntary Organisations, the Council for Ethnic Minority Voluntary Organisations and Community Matters need to be established, formalised and strengthened, in order to provide a coherent programme of high quality governance inputs.
- New and emerging groups may be divided into community groups or voluntary, and a foundation course developed for each, taking into consideration the considerable overlap that exists. The broad range of organisations that inhabit the fuzzy frontier suggests that development must be very carefully targeted to each audience.

Development agencies

- When developing the overall governance of an organisation, capacity building that takes a human resources skills training approach will often be too narrow to be of lasting benefit.
- Furthermore, whilst general organisational development approaches can be valuable, they will be undermined if the management committee and governance are not sufficiently taken into account.

Practitioners (development workers, small groups workers, community workers and consultants)

The linkages between a range of practitioners working with groups and organisations in the fuzzy frontier, including small groups workers, development workers, community development workers and community consultants, should be enhanced. This would ensure that they take a holistic or 'joined-up' approach to community groups and small voluntary organisations.

In addition practitioners need:

- status and resources appropriate to their role to be able to carry it out effectively
- an extensive repertoire of skills and tools, and an understanding of a range of approaches, if they are to work successfully with groups and organisations of this size range
- to lead by example and give due regard to their own development. They need access to development opportunities and a forum of peers to debate and share issues concerning governance development.

Researchers

There is a need for research, specifically in the following areas:

- groups and organisations inhabiting the 'fuzzy frontier'
- small community groups and voluntary organisations; and the links between governance development, governance effectiveness and organisational effectiveness.

Conclusion

Currently, there is a great deal of interest in the governance of groups and organisations inhabiting the fuzzy frontier. This may be due to a general maturing of the community sector, or a symptom of active regeneration efforts to lure groups into the open. Added to which, given that there may be up to 1,000,000 small community organisations in the UK (Plowden, 2001), there is a need to widely disseminate the learning with reference to the impact of the Project.

The Project has unearthed some important insights. Based on these findings a more nuanced view needs to be taken both in terms of 'governance' and of 'small community groups and voluntary organisations'.

The blanket imposition of formal governance requirements is unduly heavy, restrictive and inappropriate for some community groups and voluntary organisations. Consideration needs to be given to development of a light governance structure, one that enables rather than stifles. Moreover, it needs to ensure that the benefits gained from current governance structures such as legitimacy and access to funding are not lost. Governance needs to be facilitative rather than constraining.

The development and support of governance within small organisations is dependent on building and sustaining appropriate local infrastructure. Those taking a linear or mechanical approach to governance development do not necessarily meet the needs of small community groups and voluntary organisations. If such groups and organisations are not given appropriate support and advice, their sustainability may be jeopardised. Their

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needs are best met by recognising their unique nature, developing trust, taking a flexible, tailored approach and emphasising networking and peer learning.

The issue of building governance capacity within community groups and small voluntary

organisations is critical. This is not only due to the issues of accountability and sustainability, but is also due to the central role which these groups and organisations are expected to play, in current government initiatives, in relation to regeneration, empowerment and civil society.

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Appendix 1

List of Abbreviations

ACF	Association of Charitable Foundations
ALG	Association of London Government
CC	Charity Commission
CCS	Centre for Civil Society, London School of Economics and Political Science
CPF	City Parochial Foundation
CVS	Council for Voluntary Service
EOU	Evelyn Oldfield Unit
Project	Governance Project
GPS	Governance Project Steering Committee
ICOM	Industrial and Common Ownership Movement
INTERCHANGE	Interchange Trust
IPS	Industrial and Provident Society
LBG	London Borough Grants (now Association of London Government)
LSE	London School of Economics and Political Science
LVSC	London Voluntary Service Council
NCNB	National Center for Nonprofit Boards (now BoardSource)
NCVO	National Council for Voluntary Organisations
NTO	National Training Organisation
RC	Refugee Council
TLAs	Three Letter Acronyms
VAC	Voluntary Action Camden
VFM	Value for Money

Appendix 2

Operational framework and further Project background

The method of governance development that the Project originally intended to follow is set out in Jackson and Abtahi's paper (1999) presented to the London funders' group. It was envisaged that eight areas could be focused on.

- 1 *The meaning and effect of the constitution or other governing instruments, with particular reference to the limits on activities which the objects and powers impose.*
- 2 *Responsibilities and liabilities of Trustees (or their equivalent) and relationships with staff and volunteers.*
- 3 *How to organise meetings, chairing meetings and elections.*
- 4 *Financial management and control, plus strategic or business planning.*
- 5 *Employment matters (where appropriate).*
- 6 *What to look out for before signing contracts, service level agreements or leases.*
- 7 *Fund-raising strategies.*
- 8 *Other topics as appropriate.*

The paper identified the need for a body to ensure that

... new organisations are enabled to access a package of standardised training (of an acceptable quality) covering comprehensive aspects of governance and organisation development ... [and that this body should] devise a programme of formalised training on issues of governance; that this training programme should be agreed by all relevant bodies, including the potential training providers and subsequently delivered by them. ... (Jackson and Abtahi, 1999, p. 3)

This echoed the *On Trust* report's list (Tumim, 1993) of suggested training for trustees:

Advice, support and training for trustees should cover the following eight subject areas:

- organisational context;*
- legal responsibilities;*
- financial responsibilities;*
- personnel responsibilities, where relevant;*
- property responsibilities, where relevant;*
- strategic planning and evaluation;*
- strategic management and accountability; and*
- working structures and relationships.*

These should cover the full range of their role and responsibilities and not be limited to their legal responsibilities. (Tumim, 1993, p. 9)

The Project learned from the taster training programme, the December 1998 pre-pilot, that individuals attending the formal presentations found them difficult to digest. This resulted in their opting out of attending the second day of the course. Faced with this common problem, issues needed to be addressed in relation to increasing the size of the 'carrot' and/or 'stick'. Since the Charity Commission withdrew from involvement in the Project (i.e. they did not, as envisaged, refer any potential participants, or add a question to the application or the annual return about governance development), and also the funders did not put forward any suitable grant recipients as participants, the size of the 'stick' could not be increased. The only option was to increase the size of the 'carrots' on offer.

Carrots dangled were:

- a budget for development
- a pro-active approach that brought the programme to the participants.

There was a danger that a skills development approach could be didactic and reductionist. This deficit model approach would be disempowering to management committee members of new and emerging organisations, faced, as they were, with acquiring a body of knowledge distinct from their experience of governing. In addition, such an approach did not address governance at a conceptual level, and it was also difficult to make such training seem of practical worth. There was a direct conflict between standardising the training and being flexible in meeting course participants' needs. This strict skills development approach was soon found to be in conflict with many of the Project's stated principles.

There is support for this finding in the literature. Fowler and Waithaka, cited in James (1998) p. 2, argue that 'some 10 years of a training dominated approach to capacity building have shown its severe limitations in improving organisational effectiveness'.

Writing specifically about capacity building in relation to regeneration, Nock and Zahno (1999) add to this: 'Simply commissioning training organisations to run a programme of skills based courses will not be enough. Too often this results in superficial change ... Real change requires locally based workers with a community development brief to find groups and develop a relationship with them over time' (Nock and Zahno, 1999, p. 12).

Groups and organisations were task-focused. They were motivated by furthering the direct work of the organisation and consequently viewed anything else as a diversion. So the Project addressed governance in terms of all those involved in governing.

Appendix 3

Definition of governance

Of the many definitions of governance, arguably some notable ones are as follows.

- Duca (1996, p. 3): 'Governance is how a board goes about exercising its authority over an organisation; it is a system or process for managing a boards affairs.'
- Adirondack (1999, p. 6) adds that 'Governance is not necessarily about doing; it is about ensuring things are done.'
- Carver (1997, p. 16) '... acting on behalf of an identifiable ownership, ensure that the organisation achieves what it should while avoiding what is unacceptable.'
- The Charity Act 1993: s.97 (1): 'The charity trustees are the people responsible ... for controlling the management and administration of the charity.'
- *The Good Trustee Guide* (Nunan, 1999, p. 7) states: 'Governance is concerned with leadership and direction. It is about ensuring that your charity has a clear, shared vision of its purpose, what it is aiming to achieve and how in broad terms it will go about doing it, and that it maintains a sense of urgency about its work. Trustees must set clear aims and objectives, establish priorities, safeguard the charities assets ... and use them effectively.'
- Chait, Holland and Taylor (1996, p. 1): 'a collective effort, through smooth and suitable processes, to take actions that advance a shared purpose consistent with the institution's mission'. They add: 'To govern well is to constantly swim against the tides.'
- Hudson (1999, p. 42): 'It is about ensuring that the organisation has a clear mission and strategy, but not necessarily about developing it. It is about ensuring that the organisation is well managed, but not about managing it. It is about giving guidance on the overall allocation of resources but is less concerned with the precise numbers. Governance is about taking responsibility for the organisation's performance ... Governance is ultimately concerned with providing insight, wisdom and good judgment.'
- O'Connell (1985, p. 46) states: 'The worst illusion ever perpetrated in the nonprofit field is that the board of directors makes policy and the staff carries it out. This is just not so. The board, with the help of staff, makes policy, and the board, with the help of staff, carries it out.'
- Houle (1989, p. 6, 11) defined the trustee board as 'an organised group of people with the authority collectively to control and foster an institution that is usually administered by a qualified executive and staff ... the board and the executive must work together to define the best ways by which to achieve the objective that they jointly seek. The key to doing so lies not in the application of external principles but in a collaborative spirit in which the major parties work together to do what each does best.'

Table A3.1 Deriving core characteristics of governance from authoritative lists of trustee duties and topics for development

Duty and role	Core characteristics	NCVO Responsibilities of a trustee	NCNB Responsibilities of a trustee	Houle's Responsibilities of a trustee	Charity Commission CC3a	CC Hallmarks of a well run charity	On Trust Key topics	Governance Project Draft Key topics
Fiduciary responsibility Trust/ confidence	Direction	Determine mission and purpose	Determine mission and purpose	Deliberate and decide options	Take a long-term as well as a short-term view	Formally set up with clearly documented aims		
		Develop and agree long-term plan	Ensure effective planning	Plan for the future			Strategic/ business planning	
	Develop and agree policies		Set broad policies					
	Independence	Guard ethos and values	Ensure ethical integrity	Deal with emerging issues	Avoid conflict of interest and personal benefit	Is open in the conduct of its affairs	Strategic planning and strategic management	
Governance role (Steer)	Ensure adequate resources	Ensure adequate resources	Ensure adequate resources	Fund-raise	Approve fund-raising campaigns			Fund-raising strategy
		Ensure assets are protected and managed	Manage resources effectively		Manage charities, affairs prudently	Manages and accounts for resources well		
		Enhance public standing	Exercise influence externally		Conducts itself in a way that enhances reputation			
	Leadership	Ensure activities are legal and constitutional	Ensure legal integrity		Acts strictly constitutionally	Complies with all legal and regulatory requirements	Legal responsibilities and property responsibilities	Constitutions Contracts and legal obligations

continued overleaf

A lighter touch: An evaluation of the Governance Project

Table A3.1 Deriving core characteristics of governance from authoritative lists of trustee duties and topics for development (continued)

Duty and role	Core characteristics	NCVO Responsibilities of a trustee	NCNB Responsibilities of a trustee	Houle's Responsibilities of a trustee	Charity Commission CC3a	CC Hallmarks of a well run charity	On Trust Key topics	Governance Project Draft Key topics
Fiduciary responsibility Trust/ confidence	Leadership (continued)	Ensure accountability legally and to stakeholders	Maintain accountability	Interpret mission to the public	Various	Carries out aims with regard to users, community and donors	Accountability	
		Agree budget and monitor						
		Monitor organisation's performance	Monitor organisation's performance			Evaluation		
		Review board performance					Trustee Responsibilities and liabilities	
Governance role (Steer)			Ensure board renewal					
		Establish human resources procedures	Select CEO	Hire the CEO	Give employment contracts and job descriptions	Acts with respect to human rights	Personnel responsibilities	Employment matters
Process	Process		Support and monitor CEO					
				Act together and in person and not delegate control			Chairing, minuting, meetings	Responsibilities and board / staff relationships
Environment	Environment					Run by a clearly identifiable group	Working structures and relationships	Context

Appendix 4

Top-down versus bottom-up

Each of the actors in the Project had a preferred governance development method.

The funders and the regulators favoured compliance to a standard. In order to measure governance such standards generally emphasise tangibles such as structures and procedures.

Umbrella bodies, intermediaries and training agencies generally favoured either a skills training/competencies approach or a board development approach.

CVSs tended to favour more development-oriented approaches such as community development, capacity building and, to a lesser extent, organisational development.

At the start of the Project, it was not known definitively what approaches the groups or organisations who took part would favour.

Each of these preferred methods can be located along a continuum (see Figure A4.1). Each approach tends to emphasise a particular aspect of governance and can lead to quite different objectives for governance development. These preferences are not always consciously recognised. The Project therefore found itself trying to reconcile a spectrum of approaches.

At the extreme these differences can be characterised as ‘bottom-up’ and ‘top-down’ approaches, as shown in Table A4.1 overleaf.

Large organisations from both the statutory and voluntary sectors view governance from the perspective of a ‘top-down’ culture. Therefore they require those that they fund, who are often groups with a ‘bottom-up’ culture, to develop

Figure A4.1 Continuum – from compliance with a fixed governance standard to organisational development



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Table A4.1 Bottom-up culture versus top-down culture

'Bottom-up' culture	'Top-down' culture
Developmental	Compliance
Open	Closed
Systemic	Reductionist
Accountability to users	Accountability to funders
Democratic outlook	Custodial outlook
Normative	Didactic
Informal	Formal
Participative	Hierarchical
Mutual support of each other	Provide services to others
Knowledge through experience	Knowledge through training
Transient presence	Permanent presence
Volunteers, kitchen table	Paid staff, offices
Liberationist	Paternalistic
Everyday language	Jargon and TLAs
Low profile	High profile
Mutual aid	Philanthropic
Controlled by beneficiaries	Controlled by providers
Social change through collective action of peers	Service delivery to deserving by professionals
Governance/management/implementation blurred roles	Governance/management/implementation separate roles

Source: Adapted from Deakin *et al.* (1996), Elsdon *et al.* (1998), Garratt (2001), Kendall and Knapp (1996), Salamon and Anheier (1997) and Wilson (1995).

governance and comply in a way that is comprehensible to them. For example, bureaucracies with highly developed formal written systems often view those they deal with as simply miniature versions of themselves – 'nascent bureaucracies' (Rochester, 1998, p. 3).

Constitutions can be used to explore the two cultures. In the 'top-down' culture, an indication of good governance is that the organisation has an approved constitution passed by the Charity Commission. In the 'bottom-up' culture, the constitution is a concrete expression of a shared understanding of the organisation's purpose.

In relation to governance development, 'off-the-shelf' constitutions or objects borrowed

from existing charities are often used purely to obtain charitable status. This not only ignores the importance of the process in determining the constitution, that of ongoing dialogue, shared experienced and common cultural reference points, but also the fact that it is an expression of what the organisation wants to do and how it wants to achieve it.

From a compliance perspective, the tick in the box is gained for having the constitution, not for how it is arrived at. In the end, it depends on what the purpose of the constitution is – whether it is a legal requirement and link in the paper trail of accountability, or an expression of shared ideas.

This debate is particularly significant because recent interest in small organisations is connected to the current agenda of addressing 'social exclusion'. Any interventions need to be approached in an empowering way, acknowledging the qualities and skills that

individuals already possess. Ideally, development should be a mutual process that facilitates rather than constrains. It needs to resist imposing externally derived ideas. If this process is mishandled, there is a serious risk that social exclusion will not be addressed.

