

Strengthening the governance of small community and voluntary organisations

There is a widespread view that the governance of new and emerging community groups and small voluntary organisations is unsatisfactory. Although much work has been done with such groups, it has often focused on particular tasks or skills development of key individuals, without much regard to impact. In contrast to previous approaches, the Governance Project sought to develop and strengthen governance through those who govern. The project's impact was evaluated by researchers from the Centre for Civil Society and the Social Policy Department at the London School of Economics (LSE). The findings, reported by Sarabajaya Kumar (LSE) and Kevin Nunan (Governance Project), were that:

-  There was no universally accepted and agreed definition of 'governance'. It remained an elusive concept, defined and conceptualised in different ways. This could lead to a lack of clarity, as the governance of a group or organisation could be viewed simultaneously in several, sometimes contradictory, ways.
-  Government policies have amplified these contradictions and added to the confusion, through each policy's emphasis on different aspects of governance. This has made standardised development of governance problematic. Community groups and small voluntary organisations have been particularly affected.
-  There was a tendency to assume, erroneously, that community groups and small voluntary organisations were new, wanted to grow and would develop along a linear path.
-  For governance development to be effective, mutual trust needed to be established with peers and advisers. A needs-led, flexible and tailored approach was called for, starting from the perspective of the groups and organisations.
-  Unsuitable legal frameworks and poor constitutions were a root cause of many governance problems. An off-the-shelf constitution may be inadequately understood, while effort expended on a tailor-made document may divert the organisation from its purpose. In many cases, an ideal constitution might be unattainable because of the absence of a suitable legal framework.

Introduction

Charity Commission concerns and government policies, for example on regeneration and social exclusion, mean that small enterprises and organisations are now on the policy agenda. This has resulted in competing and contradictory demands, leading to unclear notions of governance. These factors provided the impetus for the one-year Governance Project. It was spearheaded by a steering group of representatives of leading voluntary organisations.

The project endeavoured to strengthen the governance of small, new and emerging community groups and voluntary organisations. In this context, governance was initially defined as focusing attention on three areas: setting direction; maintaining independence; and the board's group dynamics. The project planned to co-ordinate the existing resources of various voluntary-sector organisations, including umbrella bodies, training agencies and funders.

The project worked with 20 groups and organisations from four London boroughs. It provided a tailored package of interventions, including training, consultancy and development, to the value of £1,500 per organisation. The project was evaluated by Helmut Anheier and Sarabajaya Kumar of the Centre for Civil Society in the Department of Social Policy at the LSE, drawing on detailed interviews, observation and discussion groups.

Key findings

The project's key findings were that:

- governance was an elusive concept to define;
- assumptions about small groups and organisations were flawed;
- trust and tailored interventions were necessary for effective governance development;
- poor constitutions were a root cause of governance problems.

Definitions of governance

The various definitions of governance in widespread currency were encapsulated as follows:

- a list of duties (such as those in the Good Trustee Guide);
- fulfilling a role (such as custodian or representative);
- complying with a legal minimum (fulfilling the fiduciary duty);
- possession of a range of structures and procedures (constitution, board of trustees, written policies and procedures);
- competences of people and group processes (strategic thinking, group decision-making).

These definitions and emphases were often not consciously acknowledged by those holding various viewpoints. However, each would lead to quite different approaches to developing governance, making a standardised approach problematic.

By the end of the project, the initial definition had expanded to accommodate the concepts of accountability and representativeness.

Flawed assumptions

The project found a tendency for the Charity Commission, funders and local development agencies to make three assumptions about groups and organisations – that they were new; they wanted to grow; and their development needed to follow a linear path. These assumptions were flawed, for the following reasons:

- 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. The spectrum ranges from mutual, democratic, unincorporated, community groups (the community sector) to formal, incorporated, voluntary organisations registered as charities (the voluntary sector).
- Small community groups and voluntary organisations occupy an ambiguous space between informal and formal activity. They do not necessarily develop in accordance with the 'ladder theory' – i.e. along a linear, rational path. Some evolve in loops, with cycles of fluctuating growth; others are content with their position in the spectrum. Others are compelled to change by institutional pressures from their environment, and because of governance and resource requirements.
- Groups and organisations inhabiting this ambiguous space were distinctive because they were dynamic, diverse and had a variety of the characteristics of both community groups and voluntary organisations. They could be positioned anywhere across the spectrum, and ranged from precarious refugee groups with little English and no resources, to well-resourced organisations comprising able and influential individuals.

Trust and tailored interventions

The project found that a 'hands-off' approach was not conducive to governance development, and mostly had to work closely with groups and organisations from 'assessment' through to 'exit'. It was important to establish trusting relationships before groups and organisations would reveal their governance development needs (see Box 1).

The project's approaches to governance development reflected two perspectives. The 'top-down' approach emphasised training to achieve compliance with externally defined standards. The 'bottom-up' approach emphasised a needs-led strategy. Experience of a 'taster' training programme indicated that a top-down, provider-led approach, in which participants were required to attend courses on key governance topics, did not motivate individuals, groups or organisations. To address the issue of motivation, the project had to take a bottom-up approach.

Small groups and organisations often did not distinguish between development of their governance, their organisation and individuals (especially if individuals were synonymous with the organisation). They also tended to focus on immediate tasks, rather than balancing the short-term with the long-term. To engage participants, interventions therefore needed to be task-oriented and the project provided a flexible, needs-led approach to governance development.

Box 1: Establishing trust and tailoring interventions

A pensioners group wanted to extend what it could offer. The group was not interested in interventions that conflicted with its collective spirit, and favoured dialogue over other assessment methods.

The group had not focused on a manageable number of goals and was being drawn in various directions. The project tailored its intervention to establish priorities, determine strategies and draw up action plans. The intervention fitted the group's existing meeting structure and used participative techniques, the group's preferred way of working.

Establishing trust was essential. Without it, accurate assessment of governance development needs was not possible and the interventions could not work. The project needed to work sympathetically with the group's values and to consider how board members worked as a group.

Poor constitutions

Constitutions are a legal requirement for charitable status, and are the definitive statement of purpose of an organisation. However, the project found that poor constitutions were a root cause of many governance problems, and the right legal framework was needed (see Box 2).

If organisations used an 'off-the-shelf' constitution to facilitate quick acceptance by the Charity Commission, this could result in a document that was inadequately understood by those governing the group or organisation. On the other hand, if organisations developed their own document, much effort could be expended in trying to find wording to satisfy everyone.

The latter type of document would also take much longer to be passed by the Charity Commission. The group may be drawn into protracted negotiations, diverting it from its purpose. In many cases, an ideal constitution might be unattainable because of the absence of a suitable legal framework.

Benefits of networking

Through the project, several groups and organisations were networked and took part in sub-regional seminars for chairs, treasurers and co-ordinators. Networking was important, as:

- individuals did not feel so isolated and unsupported;
- learning was reinforced by peers;
- participants' involvement in other groups and organisations meant that individual learning had a wider impact.

Conclusion

There is much activity in the area of governance in the community and voluntary sector. This may be because of the sector's general maturing, or because of active efforts to lure groups into the open as part of area regeneration processes. As there may be up to a million small community organisations in the UK, the researchers conclude that a more nuanced view is needed, in terms both of governance and of small community groups and voluntary organisations.

Blanket imposition of formal governance requirements is unduly heavy, restrictive and inappropriate for some charitable groups and organisations. A light structure would enable and facilitate rather than constrain, but would need to maintain the benefits of current governance structures (such as legitimacy and access to funding).

A 'linear' or 'mechanical' approach to governance development does not necessarily meet the needs of small community groups and voluntary organisations. If they are not given appropriate support and advice, their sustainability may be jeopardised. Their requirements are best met by developing trust, taking a needs-led and tailored approach, and facilitating networking opportunities for peer learning.

Box 2: Getting the right legal framework

For economic reasons, an artists' collective needed charitable status. The group had formed a charitable trust, to gain business rate relief on its premises. To comply with legal requirements, it had parachuted in a board of trustees.

There was a conflict over who 'owned' the organisation. The collective's choices were to: concentrate on the linkages between artists and trustees as a strategy to make governance work, or search for a more suitable legal framework to allow the artists to have a direct say in governance.

The project worked with the collective to clarify its options, and engaged a consultant to guide it through the implications of its decision. The artists discussed with the Industrial and Common Ownership Movement the possibility of converting to an industrial and provident society, which would allow half the governing body to comprise artists from the collective.

Getting the right legal framework was important. As with many such collectives, there was a conflict between the charity's legal framework and the notion of 'worker' or 'user' control. Given the number of community organisations with a collectivist approach, this issue needs to be addressed at the level of the enabling policy framework.

Next steps

The key questions are how and by whom can the governance capacity of community groups and small voluntary organisations be built. Governance issues are critical, but these organisations' needs are not currently being appropriately met. The LSE team therefore proposes a 'governance programme' with several strands:

- direct work with certain groups and organisations (for example, environmental organisations, black and minority ethnic organisations, or organisations with an international focus);
- cascaded governance training and development for practitioners (development workers, small-group workers, community workers, consultants), to explore new and different ways of addressing problems, and to connect practitioners to resources, ideas, approaches and other professionals;
- developing (and directing organisations to) useful governance resources, including introducing and developing ideas from other countries, sectors and disciplines.

In addition, the programme could link with other organisations and decide who is to map the sector in terms of what is available in relation to governance training and development support.

Finally, the governance programme has an important policy role. It needs to engage the community and voluntary sector and government entities in pushing for change in governance models. Consideration needs to be given to developing a light governance structure – one that is minimalist and enables rather than stifles – and identifying crucial aspects of governance within such a structure. This would ensure that small groups and organisations are enabled to realise their full potential.

Recommendations

- **Policy-makers** – as with the education and health sectors, comparable investment is needed to support governance development for community groups and small voluntary organisations.
- **Regeneration agencies** – short-term funding cycles destabilise organisations by promoting opportunism and potentially distracting them from their original purpose. Commissioning training organisations to run skills-based courses is not enough. Trust needs to be developed and interventions should be tailored.
- **Charity Commission** – the introduction of a 'light-touch' governance regime needs to be considered, along with a framework for small groups and organisations that uses a commensurate level of formality.
- **Funders** – specific, easy-to-obtain grants to strengthen governance need to be established. For an organisation with a £150,000 grant, a £1,500

governance development programme represents just 1 per cent of turnover. This is a modest sum in terms of potential returns and ameliorating possible risks to funders.

- **Practitioners** – development workers, small-group workers, community workers and consultants need an extensive repertoire of skills and tools, and an understanding of a range of approaches, if they are to work successfully with small groups and organisations.
- **Training agencies** – links among training agencies need to be established, formalised and strengthened, in order to provide a coherent programme of high-quality governance inputs.
- **Development agencies** – when developing an organisation's overall governance, capacity-building using a human resources skills training approach is often too narrow to be of lasting benefit. Although general organisational development approaches can be valuable, they are undermined if the management committee and governance are not sufficiently taken into account.
- **Researchers** – research is needed in relation to community groups and small voluntary organisations, and the links between governance development, governance effectiveness and organisational effectiveness.

About the project

The evaluation used a qualitative approach to assess the impact of the Governance Project. Direct non-participant observation, documentary analysis, focus groups, semi-structured interviews and informal conversations were held with various stakeholders, including users, funders, policy-makers and academics. The Governance Project ran from June 2000 to March 2002, with the evaluation project running from January 2001 to March 2002.

How to get further information

The full report, **A lighter touch: An evaluation of the governance project**, by Sarabajaya Kumar and Kevin Nunan is published for the Foundation by YPS (ISBN 1 84263 094 6, price £11.95).