Developing a ‘Government’ Strategy for Improving Governance in the Voluntary and Community Sector in the UK

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Introduction

In Summer 2003 the Active Communities Unit (ACU) of the UK Government’s Home Office commissioned The Foundation for Good Governance and a team of consultants, to develop an integrated strategy for improving governance across the voluntary and community sector (VCS) in the UK. The brief for this strategy was very broad ranging, specifically it was to include:

- A realistic vision of successful governance;
- Trustee and committee member recruitment and diversity;
- Good practice standards and performance;
- Effective capacity building models to support and sustain improved governance – at both individual and organisational levels;
- Funding, legal, regulatory and constitutional frameworks that are enabling;
- Agreement of and consultation about key priorities for strategic, outcome-focused investment; a process for maintaining and developing the strategy, including the need for pilot projects and further work.

The paper has four main aims: first, to set out the process of research and evidence gathering that was used to inform the development of the strategy; second, to outline the main findings from this research, in particular what were seen as the main problems and priorities the strategy should address; third, to describe the strategy itself and how government chose to begin implementing it and finally, to reflect on this process in terms of the evolving relationship between the state and the VCS.

The paper begins by setting out the background and context for developing a governance strategy in the VCS. It describes briefly recent developments in the VCS and examines why the Government and other stakeholders were concerned to improve governance in the sector. Then it discusses what is meant by governance and describes the main stakeholders that make-up the governance system for voluntary and community organisations in the UK.

The second part of the paper outlines the different phases of the project. In particular it describes the desk research and process of evidence gathering to support the
development of the strategy. The main findings from the evidence gathering phase of the research are then outlined in the third part of the paper.

The fourth part outlines the strategy and recommendations made by the project team to the ACU. It discusses how these fitted in to a broader Government agenda for capacity building within the voluntary and community sector. Then it outlines the plans that eventually emerged from government. In this process the original strategy was simplified and transformed so that only a few of the original proposals remained.

Finally, the paper reflects on the process of policy development and implementation in complex multi-stakeholder systems, and some of the tensions and difficulties involved.

Background

Over the last two decades the voluntary and community sector (VCS) has grown rapidly in size and significance in the UK (HM Treasury, 2002). In part this growth has been stimulated by the withdrawal of government from many areas of service provision as non-profit organisations have stepped in to fill the gap. New organisations and services have been developed in response to the emerging social challenges of the day, including aids, the ageing population, the environment, crime, drugs and urban decay. As globalisation has progressed many non-profit organisation have also had to internationalise in order to respond to trans-national problems concerning for example the environment, economic development and human rights.

As the sector has grown in scope and size it has become increasingly professionalised, often drawing in management personnel and practices from other sectors. However, one enduring feature, which some see as a defining characteristic of the sector, is that these organisations have remained largely governed by boards made up of volunteers.

The increasing significance of the sector and its growing reliance on public funds has also attracted increased scrutiny. In particular, paralleling developments in other sectors, the spotlight has focussed on governance arrangements and whether they are adequate to ensure that voluntary and community organisations are effective, act responsibly and are accountable for their actions. This has led to huge growth in practical advice on governance – in the shape of books, reports, guides, self-assessment tools, advice lines, consultancy and web sites (see for example the publications and work of the National Council of Voluntary Organisations at www.ncvo-vol.org.uk, or the Charity Commission at www.charity-commission.gov.uk.) However, despite this received wisdom there is much evidence to suggest that the governance of voluntary and non-profit organisations remains problematic, for example the Charity Commission regularly publishes the results of its investigations which show a range of governance failures (see also Harris, 1999; Kumar and Nunan, 2002; Cornforth, 2003; Hudson, 2003).

As government has become increasingly interested in the potential of the voluntary and community sector as a ‘partner’ in the delivery of public services it has also become concerned about its effectiveness and capacity to deliver these services. The HM Treasury’s (2002) Cross Cutting Review recognised the contribution the VCS makes and its future potential. However, it also highlighted the need for support to develop the capacity of the sector. The review found ‘a remarkable consensus
between government and the VCS on the key issues and barriers that need to be tackled and what specifically needs to be done if the VCS is to be effective in delivery of public services.’

As a consequence of the Cross Cutting Review the Home Office’s Active Communities Unit (ACU) were given the task of determining how to spend £93 million to support and strengthen organisations in the VCS. This programme became known as ‘Change Up: Capacity Building and Infrastructure Framework for the VCS’ (Home Office, 1995). It aims to ensure that all ‘frontline’ voluntary organisations in England have access to support. That support should offer excellent provision, be accessible, reflect and promote diversity. It should also be efficient and capable of sustaining itself. The areas to be supported in the framework included:

- performance improvement
- workforce development
- Information and Communication Technologies
- financing sector activity, and
- governance.

Each of these five areas was to have a separate strategy. The ChangeUp framework then aimed to bring together elements of each strategy with a review of infrastructure organisations. Our research was commissioned to feed into ChangeUp, and specifically the strategy for improving the governance of voluntary organisations.

**The governance system**

Perhaps surprisingly there is no one common definition of organisational governance. Both in the academic literature and practice the term is used in different ways often without underlining perspectives being clearly acknowledged or recognised (see Kumar and Nunan, 2002). In order to ensure that our project had a clear focus we felt it was important to have a working definition. The word governance comes from the Latin word meaning *to steer* or give direction, so organisational governance is about the overall *direction* of the organisation. However, this has to take place within a broader framework of *accountability* to stakeholders, regulators and the wider community. For the purposes of the project we defined governance as *‘the systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation’* (Cornforth, 2004).

Often the term governance is assumed to refer to what boards do and the focus is quite narrowly on boards and board members. While boards are clearly very important, our definition was intentionally broader than this to include other stakeholders, such as regulators and funders, who may have an important influence on the direction and supervision of voluntary and community organisations.

Figure 1 presents a systems map of the governance system, identifying important stakeholders that voluntary organisations and their boards may have to deal with internally, in the operating environment and in the wider environment, and identifies some of their particular concerns. Seeking to reconcile these concerns and expectations poses huge challenges for many organisations. For example, pressures from funders to achieve measurable outcomes (e.g. the number people receiving a service) may sit in tension with the objectives of service users, who may be more concerned with the quality of service and how it affects their lives. In such a case
achieving sustainable funding may have to be balanced against meeting the wishes of users with consequent tensions for both the governing body and staff.

*Figure 1: The Governance System*

The VCS in the UK is very broad and diverse. The use of the term sector seems to imply a commonality of purpose that is often illusory and can mask quite divergent values and aims. Kendall and Knapp (1996) describe the voluntary sector as a ‘loose and baggy monster’. Voluntary and community organisations are varied in their legal frameworks, internal governance structures, modes of operation and subject to a variety of different forms of regulation. As a result an important challenge for the governance strategy was to include sufficient variety within it so that it could try to meet the needs of the many different types of organisations in the sector. We were particularly mindful that the needs of small organisations with few or no staff may be very different from those of larger organisations employing professional managers (Cornforth, 2001; Cornforth and Simpson, 2002).

**Our approach**

Although the strategy was commissioned by and prepared for the ACU, part of the brief was that the strategy should have the sector’s support. Our approach was to develop the strategy in such a way that it reflected the concerns and interests of a wide range of stakeholders in the VCS. However, from the outset we recognised a potential tension here - although the government wanted the sector to ‘own’ the
strategy, the initiative, funding and final decisions about its shape came from government. This is an issue that will be returned to at the end of the paper.

The project had three main phases. In phase 1 the team drew on existing research, and their own experience and expertise to set out a set of key questions and issues the strategy should try to address. In phase 2 these questions and issues were discussed with a range of different stakeholders at various events, both to test out our ideas and assumptions and to generate ideas for how the strategy could address them. In the third phase two reports were produced; one on the body of evidence gathered to inform the strategy and the second setting out the strategy itself. The main activities in the different phases of the project are set out below.

**Phase 1**
A position paper was produced outlining the nature of the governance system for the VCS in England and some of the key issues in developing effective governance, based on existing research. The paper identified six key questions to guide the process of inquiry in phase 2:

1. How can the principles and practice of effective governance be more widely understood in the voluntary and community sector?
2. In informing, advising, and supporting the voluntary and community sector, what should happen to ensure that the needs of diverse organisational types are met?
3. What is the likely impact of increased demands for effective governance from both funders and regulators?
4. What are the implications of good governance for the management of internal relationships within the organisation?
5. How can an appropriate supply of willing and capable board members at national, local and organisational levels be maintained?
6. What should happen when governance fails?

An eleven member Strategy Group was established by the ACU to advise both the team and the ACU during the process of developing the strategy. Membership of this group included people from some of the main stakeholder groups, including the main regulatory body the Charity Commission, support organisations, and the ACU. The group met three times during the project. In addition individual members provided feedback on draft papers.

**Phase 2**
During the evidence gathering phase detailed discussions were held with people from a very wide range of stakeholder groups. These groups included: funders, policy makers, board members, employees, professional membership organisations, support or intermediary organisations, regulators and academics. This was done through holding group discussions as part of various events that were already planned to happen in the sector, such as the National Council for Voluntary Organisations’ Governance Forum, and through two specially designed day events planned by the project team that took place between September and November 2003.

**Phase 3**
The results from the various discussion events were analysed and a summary produced. Drawing on these results, past research and the consultants own
experiences a series of six ‘position’ papers were produced. Each paper tackled one of the questions identified by the initial position paper.

Based on this body of evidence drafts of various aspects of strategy were produced. An independent Reference Group provided detailed comment and input on these drafts as they were prepared.

Finally two reports were produced for the ACU: one setting out the strategy (Foundation for Good Governance, 2004a), and a supplementary report containing the supporting evidence including the six position papers and summary of the outputs from the various discussion events (Foundation for Good Governance, 2004b).

**Summary of findings from the discussion events**

As note above we gathered evidence to inform the strategy at a variety of events including board members and those working in or with the sector. At all the events we broke participants into small groups and facilitated a discussion moving from the issues and challenges facing voluntary and community organisations with regard to governance, through to ideas for action to improve the quality of governance in the sector. Drawing on the six questions identified earlier and some of the preliminary discussions we developed 12 propositions which we used to structure discussions at the two special, day events we organised. These two events each attracted between 40-60 people from a wide range organisations across the sector.

The propositions were not presented as ‘truths’, but rather as talking points to discuss some of governance challenges and actions that would be needed to address them. What follows is a summary of some of the main points raised during these discussions.

**A The term governance means different things (if anything) to people in the community and voluntary sector.**

There was general agreement that people did have different views, and that – for the purposes of the review and beyond – some clarification was needed to create a common basis of understanding. This should cover governance in organisations, and what it means for different people in different roles. Some key rules and principles were needed.

**B People don’t take governance seriously until something goes wrong.**

Again, there was general agreement that there was insufficient concern and understanding. The issues raised included: lack of information; poor communication; insufficient training, advice and support; the need to clarify roles and responsibilities; problems of recruitment; dealing with conflicts of interest; and the problem of board members withdrawing from governance positions once the degree of their responsibilities did become clear.

**C Board members often don’t know why they are there – and nor do staff.**

The discussion confirmed many of the issues in B above. Other issues raised included: representatives of other organisations not knowing their role on governing bodies; staff seeing trustees as blocking action; the need for clear definition of roles and appropriate training, including training for staff on board roles.
D More effective governance is essential for the integrity of the sector and public confidence. Discussion confirmed the need for transparency of operation and accountability to users, funders and tax-payers. At the same time many felt that the sector often performed well and should be prepared to assert that publicly. This should be underpinned by further action towards effective governance.

E Delivering services on contract will raise major governance problems. There was concern for some people about the tension between maintaining independence and the demands of delivering ‘public’ services to contract. Challenges included compliance with equal opportunities and other policies (for small organisations); retaining board and staff members with uncertain contract funding; and raising resources to develop high-level skills and services. Long-term core funding was needed.

F Effective governance is a matter for staff, funders and government – not just board members. The various interests – from regulators, government and funders to users, volunteers, staff and trustees – all have an interest in effective governance. For example, funders may want to know about management capacity and staff about security and decision-making roles. They will have different perspectives but all have a legitimate interests and concerns.

G Better approaches are needed to continue to get new board members. Clearer roles, responsibilities and job descriptions, together with training and support are needed to recruit and retain board members. Board diversity and succession are important and sometimes neglected issues.

H Some organisations could do without board members. While some entrepreneurial individuals operate with ‘quasi boards’ this can cause problems of accountability and competition with the private sector. It is more appropriate to consider this issue under proposition I below.

I Different organisations need different forms of governance. While basic principles should apply, one ‘size’ will not fit all and different types of organisations may have somewhat different needs and requirements. Size of organisation, function, mission, culture, community and changes over time will all make a difference to what is needed.

J Funders and regulators should be more concerned about effective governance. Funders and regulators should rightly be concerned about transparency and appropriate standards of governance, but their requirements should be proportionate to the level of funding and risk. There was concern that further regulation could hamper the work of organisations in the sector.

K Governance can’t be improved overall without also thinking about support organisations, funding and government policy towards the sector. There was concern that existing support was fragmented, patchy and of variable quality. Quality support from organisations that understand the sector, combined with
adequate core funding is needed. Long-term thinking and partnerships are vitally important.

**I Improving governance overall for the sector will require much better understanding and communications between all concerned.**

Better understanding and communication underpins several of the other propositions. It is important both within organisations, and between various agencies and government bodies that support and work with the sector. It should start with board and staff induction processes within organisations. Externally greater compassion and understanding of the challenges facing voluntary organisations is needed among agencies.

**Additional issues and concerns**

Various other concerns were raised during the discussions that did not fit neatly into the propositions above:

- Concern that local authorities could ‘interfere’ by insisting on seats on the board.
- The term ‘voluntary’ is unhelpful, leading to public perception that people should be unpaid in the sector. Not-for-profit or social enterprise (when appropriate) would be better.
- Whether staff could join boards – perhaps as ‘shadows’ – should be explored.
- Too much government control could threaten the ethos and ultimately effectiveness of the sector. A ‘light touch’ was needed – not more form-filling and bureaucracy.
- While interests ranging from funders to boards, staff and volunteers should be concerned about governance, it is important to determine where control lies.
- Governance is about philosophy and not just systems
- It is important for governing bodies to keep focussed on purpose – outcomes for beneficiaries/users.
- If government wants a more vibrant sector the key issues in achieving that are an end to constant change with no long-term funding, promotion of volunteering as a worthwhile activity, and less energy-draining chasing of funding.

At the meetings people were asked to indicate which issue they felt was most important (note not everyone took part in this activity). The results are shown in Table 1, which also gives an overall ranking of the issues depending on the number of votes they received.

Five broad areas for action were identified which it was felt the governance strategy should address: better information and advice for organisations and their boards; better access to good quality training and development for board members, boards and those that supported and advised them; better funding for activities such as board training and development; the need for policies to create a better culture or environment to encourage people to become board members; improved monitoring and regulation to decrease the burden on organisations and their boards. These action areas were ranked in importance at the two main discussion events as shown in Table 2.
Table 1: Voting on the propositions

<table>
<thead>
<tr>
<th>Proposition</th>
<th>Total</th>
<th>Rank</th>
</tr>
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<tbody>
<tr>
<td>C. Board members often don’t know why they are there – and nor do staff</td>
<td>7</td>
<td>=1</td>
</tr>
<tr>
<td>F Effective governance is a matter for staff, funders and government – not just board members</td>
<td>7</td>
<td>=1</td>
</tr>
<tr>
<td>D More effective governance is essential for the integrity of the sector and public confidence</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>I Different organisations need different forms of governance</td>
<td>5</td>
<td>=4</td>
</tr>
<tr>
<td>J Funders and regulators should be more concerned about effective governance</td>
<td>5</td>
<td>=4</td>
</tr>
<tr>
<td>K Governance can’t be improved overall without also thinking about support organisations</td>
<td>5</td>
<td>=4</td>
</tr>
<tr>
<td>L Improving governance overall for the sector will require much better understanding and communications between all concerned</td>
<td>5</td>
<td>=4</td>
</tr>
<tr>
<td>B People don’t take governance seriously until something goes wrong</td>
<td>4</td>
<td>=8</td>
</tr>
<tr>
<td>G Better approaches are needed to continue to get new board members</td>
<td>4</td>
<td>=8</td>
</tr>
<tr>
<td>A The term governance means different things (if anything) to people in the community and voluntary sectors</td>
<td>3</td>
<td>10=</td>
</tr>
<tr>
<td>H Some organisations could do without board members funding and government policy towards the sector</td>
<td>3</td>
<td>10=</td>
</tr>
<tr>
<td>E Delivering services on contract will raise major governance problems</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 2: Ranking of actions areas to improve governance

<table>
<thead>
<tr>
<th>Action</th>
<th>Rank 1</th>
<th>Rank 2</th>
<th>Overall rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training &amp; Development</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Information &amp; Advice</td>
<td>3</td>
<td>2</td>
<td>2=</td>
</tr>
<tr>
<td>Funding</td>
<td>2</td>
<td>3=</td>
<td>2=</td>
</tr>
<tr>
<td>Better Monitoring &amp; Regulation</td>
<td>5</td>
<td>3=</td>
<td>4</td>
</tr>
<tr>
<td>Policies /Culture change</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

The strategy and its recommendations

The challenge was to work out how to utilise the large body of evidence to address the many problems and possible solutions identified at discussion events and through previous research in a way that would create long term and sustained development of governance within the sector.

Building this strategy was a complex task for two main reasons.

Firstly, understanding of governance varies between different stakeholder groups. Moreover, the demand for effective governance was coming from different places and for different reasons, and had led to a range of different initiatives to support governance in the VCS that did not necessarily push in the same direction. The strategy needed to take account of these variations and competing demands.
Secondly, voluntary organisations are extremely varied in terms of size, mission, services and the different forms of regulation they are subject to. The findings from the evidence-gathering phase also suggested that organisation vary enormously in their understanding of governance and the stage that they have achieved in developing effective governance systems. They varied from organisations who were just beginning to develop an awareness of the need for more ‘formal’ governance systems, to those who had created robust systems and processes and were well on their way to being high performing boards; able to think and act for the long term, with an ability to withstand shock. As a result we were concerned that no one model of governance would be suitable for all organisations, and that the strategy should be flexible enough to meet the needs of a wide range of organisations at different stages of development.

The strategy was aimed at improving the quality of governance at an organisational level. To achieve this it was necessary to identify the contribution that various stakeholders could make at the different levels of the governance system outlined previously in Figure 1.

Analysis of the evidence and information from the position papers created a list of actions for the improvement of governance. From this list 22 actions that would make a contribution to the development of a strategic approach were selected. These actions were grouped into the five areas for intervention (see Table 2) and according to the level of the governance system where they were located – the wider environment (or national level), operating environment (intermediary level) and organisational level.

Finally, the proposed actions were categorised into three groups according to certain requirements for implementation: ‘Just do it’ – actions for immediate implementation (J), Engage – actions that should be discussed with others to achieve ‘buy in’ and co-operation prior to implementation (E) and, Integrate – actions that were likely to require integration other strategies being prepared for the ‘ChangeUp’ programme (I). A summary of the main actions in the strategy is shown in Table 3.

From recommendation to implementation
As noted earlier the governance strategy was one of several prepared to inform the Capacity Building Infrastructure Framework (CBIF). In addition to the defined areas of performance, skills (workforce development), ICT, community capacity building and governance a review of infrastructure organisations had been carried out. Though there were no clear plans at the outset for the preparation of a final government policy it was understood that the CBIF would play a major role in influencing policy and spending plans.

Ownership was an important factor throughout, for without ‘buy in’ from the ‘sector’ (generally infrastructure organisations) and acceptance from government the likelihood of success would be severely diminished. It was therefore a requirement that each of the strategies achieved a degree of ‘buy in’ through consultation and discussion with VCS organisations. It was similarly important that the separate strategies used to informed the CBIF were acceptable to government. For this reason the final reports from the project team outlining a governance strategy with recommendations for action were used as a basis for development of an ACU strategy
that would meet government requirements. This strategy was used to inform the next phase of development.

**Table 3: A summary of the Strategy**

<table>
<thead>
<tr>
<th>National level – Government action</th>
<th>Intermediary level – action for support organisations</th>
<th>Organisational level</th>
</tr>
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<tbody>
<tr>
<td><strong>Training &amp; development</strong></td>
<td>• Fund action research to identify the training and support needs of organisations at each stage of development (J)</td>
<td>• Accredited learning for board members (I) • Supporting and promoting action and peer learning for managers, chairs and boards (J) • Development of board member associations (J) • Education and training for members in membership organisations (J)</td>
</tr>
<tr>
<td><strong>Information &amp; advice</strong></td>
<td>• establish ‘legal aid’ for VCS organisations (E)</td>
<td>• Establish a ‘community of practice’ (J) • Apprenticeship system to train more ‘specialist’ advisers (E) • Provision of legal advice (E) • An employment mediation, arbitration and advice service (E)</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>• Use of funder assessments to support board and governance development (I) • Bursary scheme and small grants for board and governance development available from variety of funders (I)</td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring &amp; regulation</strong></td>
<td>• Harmonisation and simplification of regulatory requirements (I)</td>
<td>• Development of appropriate monitoring systems and processes (I) • Charity Commission review visits on request (I)</td>
</tr>
<tr>
<td><strong>Policies/ culture change</strong></td>
<td>• Promote positive benefits of board membership (E) • Develop standards and principles for effective governance (E) • Action research to identify the impact of good governance (J) • Establish a large scale mutual insurance scheme to help indemnify board members and meet other insurance needs (E)</td>
<td>• Secondments scheme (E)</td>
</tr>
</tbody>
</table>
The task of creating a coherent framework incorporating recommendations from the five strategies and a review of infrastructure was a complex one. The process was led by consultants contracted to produce the infrastructure review and involved a large group of infrastructure organisations ‘representing’ the sector. The consultants met once with the authors of the different strategies to identify areas of overlap and a process for preparing the final framework. However time was in short supply and the process was reduced to the preparation of a draft document that received comment from individual organisations and provided the focus of a workshop with the group of infrastructure organisations.

Although the strategies were independently created common areas could be identified. For example the governance strategy focussed on issues also featured in the performance management strategy; recommendations concerning the recruitment and retention of board members overlapped with work done within ACU on volunteering. Several drafts and much discussion achieved a prioritisation of key objectives. Objectives in the final draft became the subject of negotiation as different groups sought to ensure their interests were met and recommendations from the separate strategies were included in the final version.

What emerged were recommendations for implementation of the CBIF through a series of ‘hubs’. At a national level hubs of expertise would be established to focus the particular strategies, such as the governance strategy. Whilst at the regional level hubs would bring together existing organisations delivering assistance to VCS organisation in an appropriate way for their area (regional, sub-regional and local) ensuring that necessary support was effectively and efficiently delivered to all parts of the region. The final CBIF was used as a basis for the preparation of a policy document and spending plans with the title ‘ChangeUp’ (Home Office, 2004).

The announcement of investment plans followed publication. It was clear that the ACU was looking for one bid from ‘the sector’ for development of the National Hub of Expertise in Governance. Several of the large, national infrastructure organisations were interested in making a bid and a process of negotiation between different grouping ensued. This resulted in the creation of a Founding Group for the governance hub, consisting of the main infrastructure organisations, which employed a consultant (the same consultant that had prepared the CBIF) to produce a business plan for the Hub. The plan has now been published and submitted to the ACU.

At each stage in the process of policy implementation the original strategies were open to reinterpretation and refinement. Table 4 shows how recommendations for the governance strategy identified through the research and discussion were interpreted and included in subsequent phases of the process.
Table 4: How recommendations for an Integrated Governance Strategy developed during implementation

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<tr>
<td></td>
<td>• Action Research to identify the training and support needs at each stage of development</td>
<td>• Action research to explore and describe training and support needs.</td>
<td>• A set of competencies and standards for governance by 2005 that will be linked to a system of learning including accreditation. (Particular attention to roles of Chairs and Treasurers within boards and the role of memberships organisations.)</td>
<td>• To commission an action research project to promote learning</td>
</tr>
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<td></td>
<td>• Assistance for the development of board member associations</td>
<td>• Further development of forums, associations and networks dedicated to needs and interests of board members.</td>
<td>• To produce and maintain materials to fill gaps in advice available to trustees</td>
<td>• To produce and maintain materials to fill gaps in advice available to trustees</td>
</tr>
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<td></td>
<td>• Support for and promotion of action and peer learning for managers, chairs and boards</td>
<td>• Peer and action learning promoted through infrastructure and support organisations</td>
<td>• To promote the National Occupational Standards for board members</td>
<td>• To promote the National Occupational Standards for board members</td>
</tr>
<tr>
<td></td>
<td>• The development of an approach for the education and training of members in membership organisations</td>
<td>• Learning materials produced in support of action and peer learning.</td>
<td>• To review materials and services available to support Chairs in their leadership of organisations</td>
<td>• To review materials and services available to support Chairs in their leadership of organisations</td>
</tr>
<tr>
<td></td>
<td>• Accredited learning for board members</td>
<td>• Pilot project with number of membership organisations aiming to ensure membership participation is meaningful</td>
<td>• To develop existing governance learning schemes delivered by infrastructure organisations</td>
<td>• To develop existing governance learning schemes delivered by infrastructure organisations</td>
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<table>
<thead>
<tr>
<th>Information and Advice</th>
<th></th>
<th>• A community of practice for individuals and organisations interested in effective governance.</th>
<th>• Initiate Communities of Practice</th>
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<tr>
<td></td>
<td></td>
<td>• An apprenticeship system to train development workers and others.</td>
<td></td>
<td>• To identify the best generalist &amp; specialist materials, training and learning support and create an easily accessible signposting system</td>
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<td></td>
<td></td>
<td>• Investment to ensure access to affordable and appropriate legal advice to board members</td>
<td></td>
<td>• To develop a website and helpline</td>
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<tr>
<td></td>
<td></td>
<td>• Investment to improve access to mediation, arbitration and advice services, particularly in employment.</td>
<td></td>
<td>• To strengthen the value, reach and impact of networks of advisers and trainers and to further develop communities of practice</td>
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<td>• To refine and promote governance performance assessment systems</td>
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| Funding                  | • Encourage funders to include board and governance development as part of assessment process.  
|                         | • Bursary and small grants schemes available for board and governance development  
|                         | • Appropriate monitoring systems and processes in support of governance development  
|                         | • Funders, auditors and infrastructure agencies to assist organisations in understanding how information required by regulators could be used to inform governance.  
|                         | • To define and promote good practice in funding governance development  |
| Culture Change          | • Action Research to identify the impact of good governance  
|                         | • The development of standards and principles for effective governance  
|                         | • Easy access to appropriate insurances  
|                         | • Secondments scheme to share experience and expertise with smaller organisations  
|                         | • Explore and promote clear incentives for board members  
|                         | • Agreed set of principles or practice for all aspects of governance.  
|                         | • VCS should explore scheme to cover director and trustee liabilities  
|                         | • Scheme to facilitate sharing of expertise & knowledge between organisations and across sectors.  
|                         | • Improved and clear incentives for volunteering to broaden ‘pool’ of board members.  
|                         | • Greater promotion of board membership as volunteering opportunity.  
|                         | • To promote volunteering to ensure that board membership has a profile  
|                         | • action to reduce existing and potential board members’ fears regarding liability  |
| Monitoring and regulation| • A harmonisation of regulation  
|                         | • Charity Commission review visits on request  
|                         | • Synchronisation of overlapping information requirements and development of ‘passporting’ between regulators.  
|                         | • The Charity Commission model for review available at key stages of organisational development.  
|                         | • To promote the Code of Governance for the Voluntary Sector  
|                         | • To promote board membership and effective governance engagement  
|                         | • To promote a one-stop portal for trustee clearing houses  
|                         | • To encourage VCOs to use a range of approaches and good practice when seeking board members  
|                         | • To create and disseminate unambiguous advice on the liability of Trustees and to take further initiatives to broker low-cost, high-quality insurance policies.  |
| Additional work         | • Impact of partnership working on governance of VCS organisations  
|                         | • An effective communication, marketing and promotion strategy  |
Conclusions – reflections on the process
The development of the governance strategy and its implementation as part of the ChangeUp programme is an example of the evolving relationship between the voluntary sector and the state in the UK. Lewis (1999) in a review of how this relationship changed during the 1990’s noted a change in government attitudes from primarily an economic rationale for the supporting the sector, based on cost effectiveness, to one which gave more weight to the social and political benefits of having an active civil society and voluntary sector. Nevertheless she points to continuing problems and tensions in the relationship. She suggests that for a true partnership to take place ‘government has to respect voluntary sector, but the voluntary sector has to find a more effective voice in the policy-making process.’ (p.267).

While undoubtedly there have been important shifts in state-voluntary sector relationships under the New Labour Government the development of the ChangeUp programme and the governance strategy suggests that an economic rationale for supporting the voluntary sector is still strong within government. The ChangeUp programme came out of the Treasury’s Cross-cutting Review, which identified the need to improve the voluntary sector infra-structure so that voluntary and community organisations would be better able to deliver public services.

The problems and tensions in the relationship between the state and voluntary sector that Lewis refers to were also much in evidence in the development and implementation of the governance strategy. Lewis identifies two important factors underlying these tensions. The first is the dependence of many voluntary organisations, and in particular infrastructure bodies, on government money, which can make a more equal partnership difficult to achieve. Second, is the very diversity and fragmentation of the sector itself. Indeed there has been debate about whether the voluntary and community sector can really be identified as a coherent sector at all with common interests (6 and Leat, 1996). This fragmentation extends to the wide range of different infrastructure bodies that support different types of voluntary organisations. Hence it is very difficult for the sector to speak with a coherent voice on policy matters. She notes for example ‘The NCVO has lacked the funds and the trust of an extremely diverse sector to be able to take forward this work.’ (p267-8)

This fragmentation and diversity was a key issue in developing and implementing the governance strategy. It was unclear in the brief for the project who would be responsible for its implementation. This led us to develop a broad-ranging strategy that would require implementation by a range of bodies, but which lacked specific detail about how exactly these should be taken forward.

Government was also faced with this dilemma when pulling the different strategies together and deciding on how the ChangeUp programmes should be implemented. The government’s solution to this was to propose national and regional ‘hubs’ for the implementation. With regard to the governance strategy it then gave the problem back to the main voluntary sector infra-structure bodies themselves asking them to come up with one proposal and a business plan for the new national hub. This led to a protracted series of negotiations before a proposal could be agreed. Although the business plan for the new national hub was submitted in early 2005 it still not been finally agreed more than a year after the original strategies were submitted and nearly
9 months after the proposals for ChangeUp programme was published. As result there is a danger that some of the impetus behind the programme and in particular the governance strategy will be lost.

Inevitably perhaps given the many stages between the development of the original governance strategy and its implementation aspects of the strategy have been lost or transformed. Only certain ideas and actions have been picked up and there has been a process of reinterpretation and development of ideas.

References


Lewis, J. (1999) ‘Reviewing the Relationship Between the Voluntary Sector and the State in Britain in the 1990s’, *Voluntas*,

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1 The team were Charlie Cattell (independent consultant), Chris Cornforth (Open University Business School), Helen Deniston (consultant, HDA), Rhona Howarth (consultant, Governance Works), Dr Jill Mordaunt (Open University Business School), Christine Morrison (consultant, Governance Works), Dr Shirley Otto (independent consultant), David Wilcox (Consultant, Partnerships Online). We would like to acknowledge the important contribution of all members of the team to developing the strategy.