

Four challenges for charities

Presentation to Guinness Trust Board and Senior Management

January 2003



Compass Partnership

Context - New relationship with Government

- **1997 - Dramatic change from adversarial relationship to strategic partnership**
Concern about social exclusion
- **1998 - Compact agreed**
- **2001 - Further manifesto commitment to partnership working**



Further drivers of change

- **Falling boundaries between public, private and voluntary sectors**
- **Greater emphasis on citizen participation**
- **Linking of rights with responsibilities**
- **Growing desire for legitimate representation**



Four challenges for charities

1. To create strategic alliances
2. To increase efficiency and measure impact
3. To respond to modernised regulation
4. To provide more effective governance



1. Create strategic alliances

- Opportunities to deliver government objectives
- More private – voluntary sector partnerships
- Work with social enterprise
- Emphasise 'un-restricted' income



2. Increase efficiency and measure impact

- Reach more people with better services
- Larger organisations - Wider roles - Greater devolution
- Increase effectiveness of management
- Maximise 'value added'
- Promote achievements



3. Respond to modernised regulation

- **Wider list of charitable purposes**
- **Focus on ‘public benefit’**
- **No need to be exclusively for poor people**
- **Introduction of Charitable Incorporated Organisations**
- **New Charity Regulation Authority**



4. Provide more effective governance

- More group structures
- Expectation of stronger accountability
- Boards structured around governance tasks
- More evaluations of Board performance
- Some review of individual performance



Issues for Trustees

- **What sorts of strategic alliances are needed to generate more unrestricted income?**
- **How to demonstrate efficiency and impact?**
- **How to respond to new regulatory agendas?**
- **How to further devolve governance?**



Compass Partnership books:

Managing Without Profit, Mike Hudson, (DSC, 2000) sets out the theory and practice of creating highly successful nonprofit organisations.

Managing at the Leading Edge, Mike Hudson, (DSC, 2003) describes what can be learned from the management and governance of nonprofit organisations in the USA.

Both are available from www.dsc.org.uk

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