

## Third Sector – Fit for Purpose?

Governments, both in Scotland and across the UK, continue to look to procure the delivery of many services from third sector organisations. Many such organisations are charities run by volunteer boards of directors. Some organisations also involve volunteers in the delivery of service.

Much effort within government and the third sector has gone into the development of appropriate contracting frameworks for service delivery. In many instances, however, not as much thought has been given to formalising the development of the governance of the organisations themselves. The importance of this aspect has been demonstrated by a number of third sector organisations getting into financial difficulties or even collapsing.

Third sector organisations can often be very reliant on one or two key managers, who may have been in post for some time and been closely involved in building the organisational capacity. As the organisation becomes bigger, perhaps offering a wider range of services or expanding its geographical reach, the demands on management can change dramatically and grow substantially. There is a need for funding stakeholders to recognise that additional funding may be required to pay for training existing managers or to pay market rates for new managers with greater skills.

In addition, it becomes crucially important that the manager or managers receive the supportive challenge of a strong and effective board.

The role of the board is to lead the managers and staff through the development of the strategic direction for the organisation. Thereafter the board needs to be assured that an effective process of risk assessment is in place for the evaluation of ongoing business and new opportunities, and that monitoring systems are adequate in terms of accurately reporting on operational activities.

To do this effectively, the board needs to encompass a broad skill set, including an in-depth understanding of the particular services offered by the organisation and its ethos, but also business skills in terms of people management, contracting, finance and risk management.

The regulatory and monitoring framework that has been developed by OSCR for the charitable sector in Scotland (along with similar developments for the rest of the UK) offers guidance to charitable organisations to improve their structures of governance.

At 4-consulting, our directors have hands on experience as board members of a range of charitable organisations in the education, regeneration, arts and care sectors. We have also worked with a number of third sector clients, advising on governance, risk management and change management.



We have seen the benefits boards have achieved by conducting a skills audit and gap analysis, going through a process of open recruitment, developing and implementing an induction programme involving old and new members, as well as key members of staff, putting in place formalised risk assessment processes and reviewing ongoing monitoring arrangements.

If you would like to seek our advice for an organisation you are involved with, please email [Ralph.Leishman@4-consulting.com](mailto:Ralph.Leishman@4-consulting.com) or [Sandy.Pratt@4-consulting.com](mailto:Sandy.Pratt@4-consulting.com).

