

Membership of a charity can bring real benefits both to the work of the charity and for society more generally. When a charity's members are active in shaping the agenda and objectives of their charity, the trustee body is refreshed and its accountability to its members is improved. Membership charities which are effectively run can also enable individuals to be more involved in their local communities and can contribute to fulfilling the Government's agenda to increase individual participation in civil society.¹

An effectively run membership charity is only possible when members use their voting rights in the best interests of the charity and where the trustee body and governance structure allow for proper management of the membership. This includes recognising that the charity's membership structure may need to change as the charity develops and grows.

Each charity needs to strike its own balance between membership involvement and the trustees' general responsibility for running the charity. The report sets out the characteristics of an effective membership charity. It assesses the extent to which the problems associated with membership charities can be resolved or avoided by better governance and by the actions of the membership, and clarifies where the Charity Commission will become involved.

Findings

Membership is a common governance model in the sector and its popularity looks likely to continue. Just over half of the charities surveyed for this report have a membership structure of some description. 44% of charities surveyed have members who can vote in order to influence the charity's governance and, therefore, influence the decisions that affect them. Extrapolating these results across the register, the Charity Commission estimates that approximately 80,000 charities have a membership structure and will therefore be affected by some or all of the issues covered in the report.

Our research indicated that charities with members overwhelmingly saw the role of their membership as a positive one, with 84% of charities with individual members and 81% with corporate members stating that their members made a useful contribution to the running of the charity. Charities with a corporate membership highlighted financial support, expertise, influence on governance and contact with other relevant bodies as reasons why their members were of benefit. Individual members were valued more for their participatory role and their diversity of opinion. The minority of charities that did not think their members were useful gave a low voting turn-out at the charity's annual general meeting as the main reason for their view.

¹ Membership of a charity is not the only way in which people can contribute to civil society, however, and many people will be engaged by becoming involved in other non-charitable membership organisations such as unincorporated associations.

Membership charities, like all charities, can run into difficulties if proper attention is not paid to their governance arrangements. The scope for problems is greater in membership charities, however, because the number of people involved can make the governance arrangements more complex to manage. Differences of opinion sometimes arise which, if not well managed, can disrupt the smooth running of the charity and result in charitable resources being wasted.

Analysis of a sample of Charity Commission casework showed that more cases are opened for membership charities than other organisations, including a greater proportion of cases related to internal disputes.

Dispute cases are a minority, however. The vast majority of the 80,000 membership charities on the register are well run, with both the membership and the trustee body acting responsibly and in the best interests of the charity and its users or beneficiaries.

Our findings show that membership charities receive wide-ranging benefits from their members, and these benefits include:

- enhancing the trustee board's transparency and accountability;
- providing a greater appreciation of the needs of beneficiaries;
- improving a charity's influence within the charity sector, giving weight to an advocacy role;

- providing fundraising opportunities; and
- providing a consistent source of trustees.

However, Charity Commission experience indicates that those few charities that do run into problems with their membership are likely to have one or more of the following features:

- Trustees are not clear about their role and their legal responsibilities toward their charity's members.
- Charity members are not clear about their role and responsibilities towards the charity.
- There are insufficient or inadequate governance structures in place to manage the charity's relationship with its members.
- The trustee body puts up barriers to membership involvement, either deliberately or inadvertently.
- The charity's membership lacks diversity so the trustee board is self-perpetuating or change-resistant and unrepresentative of its potential beneficiaries.
- Members or trustees deliberately abuse voting procedures and rights.
- There are weak administrative arrangements in place leading to problems such as accusations of elections being held on the basis of inaccurate membership lists or problems with organising quorate meetings.

Recommendations

Recommendations for charity trustees

Trustees should:

- pay careful attention to the governance arrangements that relate to the charity's members, in particular:
 - that the rights of each different type of member and their role within the charity are clearly set out;
 - that the role of corporate members is fully understood;
 - that effective means of communication with all members are in place;
 - that the membership list is kept up-to-date; and
 - that the governance arrangements are regularly reviewed, including the number of members they have and the level at which a quorum is set;
- consider whether it is appropriate to include a clause in their governing document setting out the respective roles and responsibilities of members and consider whether any additional procedural documents would be beneficial;
- consider whether their membership is truly representative of the group it is designed to serve and, if not, consider ways of reaching those that are excluded; and

- be aware of the potential benefits of mediation and, where appropriate, consider whether it might be a useful tool for resolving a disagreement within the charity.

Recommendations for charity members

Charity members should:

- ensure that the charity clearly explains what the membership role entails, including the rights and responsibilities which accompany the role;
- exercise their right to vote in the interests of the charity for which they are a member; and
- abide by decisions that are taken fairly and within the rules of the charity.

Recommendation to umbrella and advisory bodies

- Umbrella, professional and advisory bodies should do further work to support membership charities and their members by producing best practice guidelines.

Recommendation to the Home Office (Active Community Directorate)

- The findings of this report, and the potential of members of a charity to contribute to civil society, should be used by the Active Community Directorate in its work to promote volunteering and build civil renewal.

Action for the Charity Commission

- The Charity Commission will review its publications and guidance to ensure that they reflect the findings of this report and will also consider whether a model clause setting out the obligations of members would be of value to membership charities.

About the report

The report on charity membership has been compiled using evidence from the Charity Commission's records and an examination of our case files including analysis of the case histories of 2900 charities over a four year period. We have also spoken to numerous charities and undertaken a large-scale postal survey.

To obtain a full copy of the report **Membership Charities (RS7)** you can either:

- View and print from the publications section of our website at www.charitycommission.gov.uk; or
- Call our Contact Centre staff on 0870 333 0123 between 8.30 am and 6.00 pm on weekdays for a printed copy.