Governance Possibilities

Leading with Hope

Context

This paper has been produced ahead of the Trustee Away Day, with the intention to further share details of possible avenues to build youth-centred democratic governance into the future physical 'hubs'. We hope this short paper assists the move from the learning to ideation and planning stage of the 'Leading with Hope' strategy. This paper specifically explores governance: covering the different legal structures we could use as vehicles for moving our assets into community stewardship, the case for potential ways youth leadership could be incorporated into future governance structures, and different examples of how others have created similar structures.

Legal structures

In the UK, there are several different legal structures available to us. Below I have included a list of the most common structures used and the pros and cons for each.

Legal Structure	Description	Pros	Cons
Community Land Trust (CLT)	Not a legal structure but a model for community-led land ownership and stewardship. Often structured as BenCom or CIC.	Ensures long-term community control of land. Prevents speculative development.	Must choose a suitable legal structure for governance and operations. Can be slow to move compared to private investors.
Charitable Incorporated Organisation (CIO)	A registered charity with limited liability for trustees, operating under charity law and regulated by the Charity Commission.	Access to charitable funding and tax exemptions. Limited liability for trustees. Strong focus on public benefit.	Restrictions on income generation. Heavy regulatory oversight. Less community-led than other models. Limited trading ability.
Community Interest Company (CIC)	A social enterprise structure regulated by the CIC Regulator, ensuring profits are reinvested into the community.	Commercial flexibility. Asset lock guarantees long-term protection of community assets. Allows for some revenue generation.	No access to charitable tax benefits. Limited access to charitable funding. Limited profit distribution.

		Can be limited by shares, guarantee or have a BenCom structure.	More complex governance. Subject to CIC regulations.
Community Benefit Society (BenCom)	A co-operative-like structure, regulated by the Financial Conduct Authority (FCA), designed for community-focused projects.	Democratic governance (one-member-one-vote). Can issue community shares. Asset lock protects community assets.	Limited access to charitable funding. Regulatory compliance with FCA.
Company Limited by Guarantee (CLG)	A non-shareholding company, commonly used for non-profits and social enterprises.	Limited liability for members. Greater flexibility than a charity. Can own and manage assets.	Not automatically charitable would need to have an asset lock in place. Complex membership management.
Co-operative (Co-op)	A member-owned organisation that prioritises democratic governance and profit-sharing. Different types of co-ops in the UK include agricultural, worker, consumer, and regional co-ops.	Democratic control (one-member-one-vote). Community-focused governance. Profit-sharing options.	Limited access to charitable funding. Decision-making can be slow.
Holdings Company	A company that owns and manages assets on behalf of multiple organisations and absorbs risk.	Risk management by separating operations into subsidiaries. Operational flexibility. Economies of scale.	Complex administration and regulation. Potential conflicts of interest.

Key takeaways

- There are many legal structures to choose from, all with their own pros and cons. Picking the right legal structure is important as it can restrict operational flexibility, democratisation of governance, and income generation avenues further down the line.
- Many examples of community wealth building projects that have worked at scale include a multi-entity approach creating several legal structures for different aspects of the mission e.g. a CIO for charitable activity, a BenCom for community stewardship, and a holding company for property acquisition, all tied to one another in their constitution. Later in the paper, I will explore some case studies of this.
- Within any chosen legal structure there is some level of flexibility within how you can structure your governance in your constitution or operations, for example, there are

several organisations noted below with radically democratic governance that have a CIO, CLG, or CIC legal status.
- There is no perfect solution and through our asset exploration journey with Stir to Action we have seen many different legal structure and governance models work well for managing assets for community benefit.

Governance structures and youth involvement

Youth engagement and leadership has been a golden thread throughout Blagrave's work, with our approach positively influencing shifts in the wider sector. We want to continue to build on and develop this specialism as we move into the new strategy, taking an approach that centres future generations thinking and ensures intergenerational responsibility - the idea that people in the present generation have moral obligations to future generations. We see youth engagement and leadership as key aspect of this, and a continued golden thread, ensuring the long-term sustainable stewardship of our future community assets.

Potential avenues we could go down for involving young people in future community asset ownership:	**Legal structure this approach is compatible with:**
Board/trustees: Recruit young people in any new board or trustee structures, with the potential of writing into the constitution that a certain percentage of the board and/or trustees must be within a specific age bracket.	CIO/CLG/CIC (Elected boards for BenCom/Co-Op)
Membership: Create incentives for young people and/or youth organisations to join as members for any future co-operative structures and ensure there is a clear upskilling for young people and/or youth organisation to understand their role to ensure active participation. With the potential of writing into the constitution that a certain percentage of the membership be within a specific age bracket.	BenCom/CIC BenCom/Co-Op (or other legal forms but this would be more complex)
Delegation of powers: Create place-based/programmatic/future generations assemblies and/or advisory boards (youth-led and/or intergenerational) that have decision making authority over decisions for specific aspects of work. This could be written into constitution or more informal and reactive.	All legal structures.
Community shares offer: Create community shares offer (a way to raise investment by selling withdrawable shares to local people and supporters), potentially targeted at young people and/or with specific youth incentives.	BenCom/Co-Op/CIC Limited by Shares (Not ideal but possible for CLG)
Employment: Ensure that when we are designing future initiatives that there is a clear focus on creating and developing young people through long-term employment as staff with leadership progression where possible. This ensures there is youth leadership in our executive function.	All legal structures.

Consultation and feedback mechanisms: Ensure that the young people we seek to serve are consulted through workshops and digital tools on key decisions throughout the design and implementation process of the new assets, especially when locations are finalised. It is important when doing this we ensure there is a clear feedback loop.	All legal structures.

Key takeaways:

- Whilst we want to ensure our chosen model is as democratic as possible there are key considerations for deciding where we end up between a fully democratic co-operative and a top-down structure. This includes thinking about how we ensure those we seek to serve are centred in any governance, what the barriers to participation will be, and how we will design a structure that is not over reliant on any one specific person's knowledge or expertise.
- As we have learnt through our work on the Listening Fund, there is no one-way to involve young people in decision making. The right model will depend on the context of the places we are working in, what local young people's interests are, and what we are trying to achieve. It is important that we are adaptable with how we listen to young people, clear on red lines, provide a range of different mechanisms for different voices to be involved, and that we keep learning and adapting as the process develops. It is equally important as this work develops, we ensure there is intergenerational working, and responsibility is not weighted solely on the young people involved but equally shared by wider stakeholders.

Case Studies

Youth-led governance

The Warren

Context: Based in Hull, The Warren Youth Project (known as The Warren) provides vital support services to young people.

Legal structure: Charitable Incorporated Organisation (CIO) with delegated authority to a youth assembly.

Governance structure: The trustees of The Warren give away all their operational decision-making power to The THING (The Warren's Youth Parliament) so that all decisions about what goes on in projects are made by young people. This creates an environment where staff and young people come to The THING meetings and discuss ideas and opportunities, and then only young people vote on them. So, if a staff member wants to go ahead and develop a project, they need to take their idea to The

THING. Young people then discuss it, contribute further ideas and finally they vote on it. Voting needs to be quorate to make decisions, with four young people at its minimum.

Wider youth and community involvement: They offer free support, guidance, training, education, counselling, employability skills/training and creative expression activities and services to young people aged 14-25 years (this extends to 29 years in the case of employability support).

Creative Opportunities CIO

Context: Creative Opportunities CIO is a grassroots charity that delivers user-led programmes, designed by and for young people, to support members in creating positive change for themselves and their communities.

Legal structure: Charitable Incorporated Organisation (CIO) operating with co-operative principles.

Governance structure: Creative Opps has eight trustees, with most trustees under 30. They are currently transitioning model to operate as a cooperative. They intend to make this shift whilst keeping the legal structure of a charity (similar to The Warren) so they can still access charitable funds easily. As part of this they have created a membership model and are currently working with 54 young people as members. These young people are split into circles including: Finance and Fundraising, Marketing and Comms, Research and Data, Outreach and Partnerships, Creative Graphics and Design, and an Incubator circle. The membership has a Slack channel for keeping engagement, as well as this each circle has 4-7 members that meet once a week on zoom to chat about activities or weekly tasks. Currently, staff are the go between the membership and board. At the end of the year Creative Opportunities will have their first AGM where the membership will elect the future trustees of the organisation. The longer-term vision is for each new board member to then commit to joining one circle to bring closer proximity, as well as for the board to delegate more decision making authority to circles.

Wider youth and community involvement: Creative Ops offers mentoring, work placements or bespoke individual support, to young people through their programmes.

Voice of Youth

Context: Voice of Youth (VOY) was a youth workers cooperative based in and around Hackney which worked with young people aged 8-19.

Legal structure: Co-operative.

Governance structure: A workers' cooperative with members aged from 16 years and over. Members made decisions together, aiming to work as equals, and not have bosses or managers, and were all paid the same rate. VOY sees youth work as a distinctive educational practice founded on a voluntary relationship with young people and shaped by their agendas. As a result, young people set the agenda for all work, with young people also supporting with bid-writing and programming. Once young people that were involved in the project turned 16 years old, they could choose to volunteer and then after volunteering for six months could become a member, members got paid opportunities and had voting rights).

Wider youth and community involvement: All their work was around engaging and supporting young people, delivering a variety of projects including arts and drama, sports, trips, detached (street-based) work and residentials.

Community assets with youth-led governance

16-25 Independent People

Context: 16-25 Independent People is a youth organisation that prevents homelessness, keeps young people safe and supports them to build on their strengths to be the best they can be. They are currently leading the redevelopment of Kingsley Hall a physical site that they operate out of which will provide sheltered housing, office space, a youth centre, and a social enterprise café to support their mission.

Legal structure: A charity in England and Wales (exempt from registration with the Charity Commission under the Charities Act 2011 and associated regulations). A charitable registered society (previously known as an Industrial and Provident Society') in accordance with the Co-operative and Community Benefit Societies Act 2014, registered with the Financial Conduct Authority and a Company limited by Guarantee and registered with Companies House.

Governance structure: Board of trustees elected by their members; however, membership model has not been used to democratise governance (current and former trustees are membership). The organisation also works with 'Ambassadors' an advisory board of young people who have been through their programme that works directly with the board of trustees and senior leadership team on decisions that affect them.

Wider youth and community involvement: They are using innovative technology to enable feedback and consultation of plans as they develop their asset with young people, they seek to serve including virtual animation. They are employing young people as paid advisers and as paid apprentices throughout the design and production process of their asset development. Additionally, they offer health and wellbeing, financial support, housing, and employability programmes for young people aged 16-25 years old from across Bristol, including through a social enterprise café.

The Advocacy Academy

Context: The Advocacy Academy is a home for youth organising in the heart of Brixton. The organisation delivers youth organising training, incubates and hosts youth-led collectives, and manages The Liberation Centre a youth centre, event space, and co-working space for local youth organising and civil society groups.

Legal structure: Charitable Incorporated Organisation (CIO) experimenting with a youth membership model.

Governance structure: Board of trustees that includes two trustees under 25 years old. The Advocacy Academy is currently trialling a membership model, where graduates of their programme (18–25-year-olds) have more say over the strategic direction of the organisation and key decisions, but this is not in their constitution. This group meets monthly with the senior leadership team.

Wider youth and community involvement: They have a number of employees and trustees who have been through their programmes now leading work. They host a number of youth-led groups allowing them to operate freely using their legal structure to allow them to seek charitable funding. They founded Lambeth CLT (a youth-led CLT), Halo Collective and Choked Up among others. They have a number of political education programmes to develop young leaders and have an open-access youth work offer. They offer their space and facilities free of charge or discounted to youth organisations and young people.

Community assets with democratic governance

Pelican House

Context: Pelican House is a hub for social justice activity in East London. It is home to 40+ residents including grassroots unions, resistance networks, solidarity campaigns and community groups. In additions to providing office space, it is a social centre for political and cultural activity, with an active events calendar and cheap/free organising space.

Legal structure: Company limited by guarantee with an asset lock, operated with co-operative principles. Currently exploring a multi-asset recognising this may work better in meeting their mission as they expand.

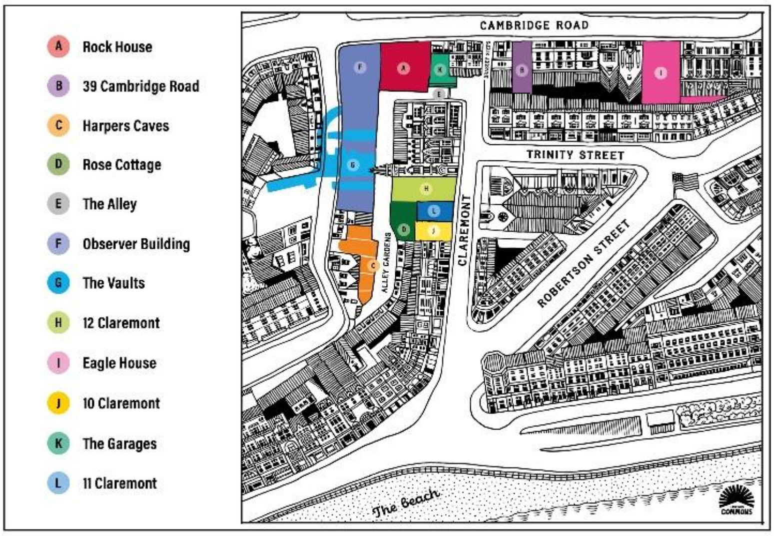
Governance structure: Currently they 3 legal directors that seed all decision makingin their constitution the 'The Forum'. The Forum is open to anyone to join who is a resident in the building (many of which are 18-30 years old). The Forum meets monthly and has a membership of over 15 people (and growing). There are four sub-groups which report to the Forum: Fundraising, Building Management and Repairs, Community Programming, and HR. Each sub-group has forum members and co-opted members. The group are looking to increase the amount of legal directors they have and their skills set to enable their fundraising efforts, whilst still seeding all decision making power to the Forum.

Wider youth and community involvement: Since opening, Pelican House has become an increasingly significant part of London's 'movement ecology', with dozens of events and hundreds of participants visiting each month - a number that continues to grow. The building has been used as a main meeting space for many youth organisers and political campaign groups including Palestinian Youth Movement and Green New Deal Rising. A number of youth delivery organisations work from the building including Revoke and Gendered Intelligence, so young people are using the building regularly to access advice and support. Additionally, youth groups rent the event space for meetings at reduced or free rates.

Hasting Commons

Context: Hastings Commons is an ambitious, pioneering approach to community-led regeneration in the White Rock neighbourhood of Hastings. The organisations seek to challenge gentrification in the area by offering a real alternative. They currently manage 13 buildings.

Legal structure: Multi-entity approach with multiple organisations that together makeup Hasting Commons and deliver its vision. This includes:



- Hastings Commons Community Land Trust (a charitable BenCom): with 700+ members the structure brings engagement and democratic governance.
- Hastings Commons Neighbourhood Ventures (Social enterprise property development company limited by shares, owned equally between the CLT and the two founder investor enterprises): Able to take and hold risks which otherwise would have prevented any purchases.

- Living Rents (Hastings) (Private Limited Company): Manages the affordable homes and L&L brings dynamic programming
- Leisure & Learning (Hastings) (CIC): Receives grant and runs their community programming.

Governance structure: Each of the entities within Hastings Commons have independent boards that have ultimate authority. There is deliberately some overlap between Directors/Trustees of each entity to support working in partnership and the Directors/Trustees of each entity meet together at least four times a year. Each entity has at least 2 of its directors that do not serve on the board of any other entity to maintain independence. The boards of each entity meet independently wherever a potential conflict of interest arises, and at least once a year to review and sign off the annual report and accounts. Hasting Commons Community Land Truste Trustees are all independent and drawn from and voted for by its 700+ members. Their membership offer is cheap, and they incentivise young people to become members.

Wider youth and community involvement: They deliver a range of youth programmes across their building including escape rooms, open access youth space, an open mic night, and a tech hub for young people. Hastings Commons also has the 'Hasting Youth Commons' which supports 11–18-year-olds to take a leading role in developing their commons youth programme. In addition to this, they give affordable rent to a number of youth organisations (including two regional partners Xtrax and Project Art Works). Their governance model and their 'commoning' approach places a strong emphasis on involving local people in decision-making through consultations, citizens assemblies, and membership through community shares offer.

Civic Square

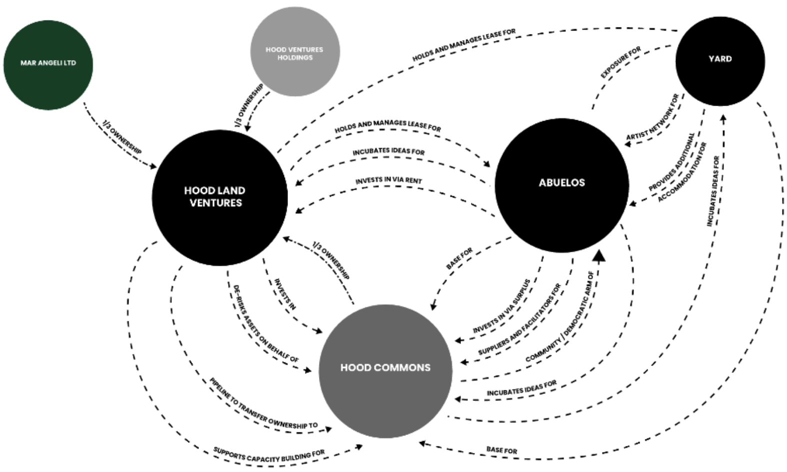
Context: CIVIC SQUARE is demonstrating neighbourhood-scale civic infrastructure for social, ecological, economic and climate transition together with many people and partners in Ladywood, Birmingham UK.

Legal structure: Currently, Community Interest Company (CIC). However, have plans to diversify their structure to adopt a multi-entity approach using Hasting Commons model as inspiration.

Governance structure: Currently 5 directors, two of which also hold an executive function. However, have plans to democratise this over a longer-term horizon, once they have ownership of the physical asset. They do not want to democratise too early in recognition that there is a need to build the capacity of their community to ensure transition to democratic governance does not dilute mission or create longer term fragility of the project.

Wider youth and community involvement: Provide workshops to children, young people, and their wider community on donut economic theory, climate resilience, retrofitting, building and designing for a 3-degree world, democratic governance. Their work is very interactive, using physical materials and creative activities to engage different parts of the whole community in new economy and building concepts. They have also run mutual aid programmes and let community groups use their space as needed.

ABUELOS



Context: ABUELOS ['grandparents' in Spanish] is a celebration of ancestry, joy and culture, wrapped up in a £2.5m world-class capital project, which will create a destination for those interested in immersing themselves in the city's rich cultural landscape. This project is in early stages, being founded on the work of the MAIA Group.

Legal structure: They are still to finalise and constitute their structure, still currently operating under MAIA Group. They have been working closely with Hasting Commons to learn from their model. Abuelos' current idea is to create a multi-entity approach with multiple organisations that together makeup the 'Hood Commons'. This includes:

- MAIA group (Private limited company): The founding organisation and the current legal structure of the group, that will be its first 'investor'.
- Hood Commons (a charitable BenCom/CLT): Will provide membership offer, brings engagement and democratise their governance.
- Hood Land Ventures (Social enterprise property development company limited by shares, owned equally between the Hood Commons, Hood Venture Holdings, and the MAIA group): Will be able to take and hold risks which otherwise would prevent purchases.
- Hood Venture Holdings (Holding company): In place as additional risk mitigation.
- Abuelos (CIC): Will receive grants and lead their community programming.

Governance structure: They are yet to finalise what this would like in practice and what the overlap between these boards will be, as well as how these boards will engage and be accountable to their membership.

Wider youth and community involvement: Historically, MAIA have provided workshops for children aged as young as 8 covering all types of types of topics, supported local young creatives by giving them space to create & micro funding, provided organising groups meeting space, and led mutual aid projects for their community. They have longer term ambitions once Abuelos is off the group to provide open access youth work, offer advice and counselling, accommodation for artists and activists, and lots more.

Questions for Blagrave to consider

1. **What legal and governance structures will best achieve our mission moving forward?**
   Important considerations: Community and youth stewardship, future generations thinking, the ability to make decisions and move fast, the ability to fundraise, the ability to create traded income, the flexibility to shift how the governance works later down the line.

2. **How do we design a governance model accountable to young people as well as future generations of young people?**
   Important considerations: Different ways to involve young people, accountability mechanism to make us think of future generations, youth and community work skills in team, strong and trusted relationships with local partners rooted in community.

3. **What would transitioning from where we are now to our future model look like in practice?**
   Important considerations: Funding through pre-existing entities modelling a new way forward, creating new legal structures that are more mission aligned, better understanding the role of our current legal structure moving forward, potential for different legal structures under a unified mission, ways to involve young people within this process and in the final structures, future generations thinking, responsible and realistic timelines.

4. **What are the next steps for moving this forward and what might get in the way?**
   Important considerations: Additional expertise and/or upskilling that will be needed, grant making to key actors to learn from them, further research, resource and time (both financial and staff capacity), timeline for liquidation of assets, assess risks and putting in place mitigations, better understanding legal implications, better grasp on the longer-term contractual relationships we have that could hold us back.

Appendix 1: Legal Structures Full Comparison

Structure	Regulation	Key Use Case	Governance Considerations			Income Generation Considerations				
			Governance Complexity	Level of Democratic Membership	Operational Flexibility	Charity funding?	Government funding?	Impact investment?	Community shares?	Trading income?
CIO	Charity Commission	Charitable organizations	**Medium-High** (Trustees must comply with charity law, no shareholders)	**Low** (No member voting or control)	**Low** (Strict charity rules, limits on commercial activity)	Yes (Best for grants & donations	Yes (Can access government grants & contracts)	**Limited** (Some social impact loans, but no equity investment)	**No** (Cannot issue shares)	**Limited** (Commercial activity must be ancillary to charitable purpose)
CIC (CLG)	CIC Regulator + Companies House	Social enterprises	**Medium** (Directors manage, no shareholders, must meet CIC reporting rules)	**Medium** (Limited member involvement, governance through directors)	**Medium** (Can trade but profits must serve a community purpose)	Sometimes (Can get grants but not charity-exclusive funds)	Yes (Eligible for many government grants & contracts)	**Yes** (Eligible for social impact investment, including loans & bonds)	**No** (Cannot issue shares)	**Yes** (Can engage in commercial activities, but profits must be reinvested)
CIC (CLS)	CIC Regulator + Companies House	Social enterprises needing funding	**Medium-High** (Investor/shareholder interests must align with social purpose)	**Low** (Shareholders have voting power, but limited democratic control)	**Medium-High** (More ability to attract investors, but dividend cap applies)	No (Generally not eligible for charitable funding)	Yes (Eligible for social enterprise & regeneration grants)	**Yes** (Can attract impact investors, but dividend cap applies)	**No** (Cannot issue community shares**)**	**Yes** (Can engage in commercial activities with profit distribution limitations)
CIC BenCom	FCA	Community-focused co-ops	**High** (Democratic governance, members vote, FCA rules)	**High** (Members vote democraticall	**Medium** (Can trade and raise funds, but	**Sometimes** (May get some grants but	**Yes** (Often eligible for community-focused	**Yes** (Community shares & social	**Yes** (Can issue community shares)	**Yes** (Can generate trading income to

				y, ensuring a strong voice for all)	needs strong community engagement)	not full charity funding)	government funding)	investment models available)		support community benefits)
BenCom (CBS)	FCA	Community-led projects	**High** (One-member-one-vote, asset lock, community involvement required)	**High** (One-member-one-vote, very democratic and community-focused governance)	**Medium** (Similar to CIC BenCom, but even stronger focus on community benefit)	**Sometimes** (Some grants possible, but depends on funder rules)	**Yes** (Can access community & cooperative government funding)	**Yes** (Community shares, impact loans, and social investment possible)	**Yes** (Can issue community shares)	**Yes** (Can generate trading income to support community benefits)
CLG	Companies House	Nonprofits, trade associations	**Low-Medium** (Directors run the company, members have limited power)	**Low** (Limited member control, directors run the company)	**High** (Can operate freely but must reinvest profits)	**Yes** (If registered as a charity or nonprofit)	**Yes** (Eligible for public sector grants & contracts)	**Limited** (Some social investment possible, but no equity investors)	**No** (Cannot issue shares)	**Yes** (Can generate trading income as a nonprofit)
Co-Op	FCA	Member-driven businesses	**High** (Member-driven, democratic voting, detailed compliance rules)	**Very High** (One-member-one-vote, members have full control over decisions)	**Medium-High** (Flexible trading, but democratic process can slow decisions)	**No** (Not considered charitable due to member profit-sharing)	**Sometimes** (Some cooperative funding available, but limited)	**Yes** (Can attract ethical investors via community shares & bonds)	**Yes** (Can issue community shares)	**Yes** (Can generate trading income with member control)
Holdings Co.	Companies House	Managing subsidiaries	**Low** (Traditional corporate governance, board of directors, shareholder control)	**None** (No democratic member involvement, shareholder-controlled)	**Very High** (Can own and control multiple businesses	**No** (For-profit, not eligible for charity funding)	**No** (Not typically eligible for government grants)	**Limited** (Only if impact-driven, but unlikely due	**No** (Cannot issue shares)	**Yes** (Can generate income through multiple businesses)

					with few restrictions			to profit motive)		