

Speaking Truth to Power

**A discussion paper on the voluntary sector's
relationship with Government**

The Baring Foundation
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SUMMARY

This is a discussion paper about the changing relationship between government and the voluntary and community sector. It draws on the experience and views of a range of, mainly, national organisations working in England. It identifies some complex issues and questions which the Foundation considers need to be addressed.

Its main conclusions are that:

- the approach of central and local government offers many voluntary and community organisations greater opportunities to influence policy and implement programmes to tackle problems than before.
- however, this approach also places great strain on the capacity and skills of organisations, especially smaller ones and infrastructure bodies, and may also run the risk of undermining their independence.
- the relationships are changing and evolving rapidly. Generally, there is developing a much more sophisticated discussion within the voluntary sector about the benefits and methods of working with Government.
- the current approach to funding the voluntary sector is not necessarily helping to build strong independent and creative organisations in the longer term as it does not pay sufficient attention to financing their core costs. The Compact's Code of Practice on funding, if properly implemented, could make a significant difference.
- government and the voluntary sector need to be conscious of how the sector's important role of being an independent voice - speaking truth to power - should be maintained and enhanced in the new relationships which are being developed.

PURPOSE AND METHODOLOGY

The purpose of this paper is to stimulate and contribute to a debate about the changing relationship between Government, national and local, and the voluntary and community sectors.

The contents of the paper have been informed by the experience of the organisations funded by the Baring Foundation, gathered both during a seminar on this subject in January 2000 and in a series of discussions and interviews with the leaders of funded organisations between January and July 2000. The text includes examples drawn from the work and experience of those organisations. The report concentrates on the experience of voluntary organisations funded by the Baring Foundation working in the general voluntary sector in England. These are primarily national organisations with some regional ones. Consequently, the important

changes which are underway at local and regional level are only partly reflected here. It also does not address the experience of arts organisations and that of international development organisations which is different.

The issue was identified as warranting discussion and study during the ongoing evaluation of the Baring Foundation's core grants. This is a practical example of how the Foundation is seeking to use its relationship with funded organisations to inform itself and others about key organisational issues facing voluntary organisations.

CONTEXT AND EXPECTATIONS

The election of the Labour Government in 1997 changed the operating environment for voluntary organisations nationally and locally. The Government had been elected on a manifesto that promised radical change in almost every area of social policy. At the same time the new Government had a well-publicised commitment to working closely with those with a close interest in issues - stakeholders - in the development and delivery of services.

The Labour Government saw organisations within the voluntary and community sector as important stakeholders. It believed that they were closer to disadvantaged people, had innovative ideas for tackling problems, and a capacity to implement policies and programmes quickly and effectively. This importance is reflected in the National Compact¹ between the Government and the voluntary sector which for the first time attempts to define their roles and mutual responsibilities.

The context has also been changing rapidly at a local level. Local Government is going through a major process of re-organisation. The development of Cabinets of executive councillors and an increased role for other councillors as "backbenchers" scrutinising and influencing policy has implications for the role of voluntary and community organisations. Local compacts are being developed as part of the National Compact initiative. At the same time, the creation of a range of local area strategies - e.g. Health Action Zones - which are all governed by boards with voluntary sector representation is involving local voluntary and community organisations in the process of Government much more centrally than in the past.

The voluntary organisations involved in this study also saw May 1997 as a critical moment. Many of them considered that while the Labour Party had been in opposition they had played the role of an "alternative civil service" working closely with shadow ministers to exert significant influence on their emerging policy agenda. Many organisations had spent a great deal of time planning for a change of Government both individually and as networks to ensure that its implications were understood and that they were ready to act after the Election.

THE REALITY OF THE EXPERIENCE

The reality and impact of the new approach and policies of the Government and the changes at local level have, not surprisingly, been mixed. There is no doubt amongst the voluntary organisations involved in this study that the Government has adopted a much more inclusive approach to making and implementing policy. This has provided important opportunities for voluntary organisations to continue to shape and implement policy. At the same time, this

¹ Compact on Relationships between the Government and the Voluntary Sector, Home Office and NCVO, 1998

has been very demanding of time and other resources and challenging in a number of ways, especially in maintaining their independence to comment on and if necessary criticise policy.

This paper looks at the experience under three broad headings: policy development, delivering programmes and working in local partnerships. It then seeks to draw out some key themes and issues which Government, voluntary and community organisations and independent funders should consider.

POLICY DEVELOPMENT

It is clear that some of the voluntary organisations have been able to influence the policy agenda of the Government, frequently those which considered they had played an “alternative civil service” role before the election. The experience points to a number of practical issues which need to be addressed:

- for many the period since 1997 has simply been an exhausting one in which many of the smaller national organisations began to suffer from “consultation fatigue” as they responded to opportunities and requests to respond to consultation documents and to brief Ministers and Civil Servants. A significant amount of time of the leaders of voluntary organisations is now spent on Task Forces and Government bodies of all kinds. In some organisations, key people had been seconded to go and work within Government. Of course, this can be an important way by which to further the mission of an organisation but it does place a strain on the central management resources. Some organisations felt that the Government should be prepared to compensate organisations financially for this type of work but several others considered that their independence was grounded in the fact that they were not being underpinned financially by the Government to do it.
- many organisations were clear that it had been important to have strategic internal discussions at an early stage to establish their aim, policy position and to plan their response. For some, this involved restating their core values while for others it involved a list of proposals both for the Government to respond to and also to guide the organisations’ work and priorities. More specifically, organisations which intended to negotiate in any way with Government needed to have established a position which was agreed by trustees and the senior management. If the Chief Executive is left isolated and unsupported, negotiations are unlikely to succeed.
- the voluntary organisations also identified the need to be realistic about what can be achieved; to distinguish between general access to Government and the fewer occasions when they could actually influence it; and to manage the expectations of members and supporters of the organisations who may be sceptical about the desirability and effectiveness of such an engagement with Government.
- a key theme which emerged from the study is what legitimacy voluntary organisations have to promote policy and to represent the views of others, particularly disadvantaged people. Many organisations had noted that the Government now claimed to be able to speak directly to people and be suspicious of voluntary organisations’ claims to represent people. It also believes that it can call voluntary organisations to account for their performance. Umbrella organisations, in particular, felt that their claims to represent members and users were under constant challenge. This exacerbates the common problem facing umbrella bodies which is to speak on behalf of their members with

confidence that their members will support them while at the same time leading their membership in new directions. Many organisations also stressed the importance of their experience and information in being able to make a case convincingly, but also noted that it is difficult to fund a research and information capacity. This use of knowledge can be particularly important for smaller organisations which need to punch above their weight as measured in terms of size or current influence. These are practical but also complex and difficult matters which are reflected in the key themes and implications at the end of this paper. Underlying them, however, are important issues about the role and independence of voluntary organisations.

Many voluntary organisations now have an unusual sense that their main campaigning objective has become Government policy. This raises questions about the extent to which voluntary organisations should be associated with Government policy (whatever its origins), their role in scrutinising the effects of it and the ways in which they can seek to develop or change policy.

The Development Trusts Association has been a long term promoter of asset based community regeneration. It worked hard before the election to promote this proposal and developed a “manifesto” outlining the advantages and opportunities. Much of the government’s regeneration strategy² is now based on ideas promoted by the DTA, but inevitably they now take a different form. The challenge is to recognise the genesis of the idea and retain some credit for it, while not losing the capacity to question the direction of the policy.

The creation and development of policy is a core part of the mission of many of the voluntary organisations and the opportunity to be involved with a Government that is quickly developing and changing policy is welcome. However, some organisations reported that they felt they had less freedom to challenge ideas which they had promoted. In part, this is good common sense; no voluntary organisation wishes to be in perpetual opposition as it is unlikely to maximise its influence if it is. However, many organisations commented that it was critical for them to find ways to have the freedom and the means to scrutinise and comment on Government policy. There are particular issues for organisations which are being funded to deliver Government programmes which are considered in the next section.

In London the homelessness agencies have long argued that the problem of rough sleeping in the capital can only be dealt with through a government funded strategy, championed at a senior level by someone who understands the area of work. The government strategy responds to this demand, is led by a senior civil servant recruited from the voluntary sector and delivers a funding programme with very demanding delivery targets. The success of this programme is an essential part of the agencies’ objectives. It might therefore be difficult for them to challenge either the nature of the programme or the impact it is making.

Other organisations had been heavily involved in developing policy and implementing practice about which they had grave reservations. While there is considerable merit in ameliorating the worst impacts of policy, many were concerned to find ways of developing

² Strategy for Neighbourhood Renewal, Social Exclusion Unit, May 2000

such engagement and at the same time continuing to challenge and question. For some of those present, it was only by that constant engagement and interaction that they can be in a position of influence. On the other hand, there was concern about the way in which independent charities could be used to endorse particular policies. Voluntary organisations reported some pressure on them to participate in launches of particular policies, supplying celebrity supporters and beneficiaries to events. While some believed that at times these were appropriate ways in which to gain publicity, there were other occasions when they felt their commitment was devalued and treated as simply a form of public endorsement. This caused particular problems for the other stakeholders in individual organisations, many of whom were unwilling to take part in this process.

"We feel like the women and children sent in front of the tanks first."

For a number of organisations, their previous close relationship with one government department had actually hampered their ability to operate across government departments. While the concerns of many voluntary organisations span more than one government department, there was a tendency within government to see the funding relationship as specific to one department and one organisation, and some resistance to widening the base of influence and access was apparent.

DELIVERING PROGRAMMES

Many voluntary organisations are playing a major role in implementing particular Government programmes and receive significant funding from Government to do so. The New Deal for Unemployed Young People and the Government's Strategy for Rough Sleepers³ are just two examples of strategies that rely on voluntary organisations for successful implementation. Those that are doing so believe that they have an investment in ensuring that the type of policies and programmes they have lobbied for are successful.

However, this role in the delivery of programmes places particular pressures on voluntary organisations. At a strategic level, many organisations feel that their energy is being focused on implementation and, consequently, they were unable to give sufficient time to influencing future policy, developing new ideas and planning for the future. Others believe that their autonomy is constrained. Indeed, they noted that it is the Government that now scrutinises and challenges their work in implementing programmes and that it has become difficult for some voluntary organisations to draw attention to inadequacies in programmes which they themselves are helping to manage. Although funding for programmes is tied to specific objectives it may have a major indirect influence on the whole organisation and consequently any overt criticism which might jeopardise programme funding could have an impact much wider than the specific programme.

These comments were, however, based very much on anecdote and it is hard to identify any organisations actually losing funding as a result of criticising either policy or programmes. It is more likely that organisations censor themselves, in fear of such reprisal, without any hard evidence that this would be the effect. Indeed, other leaders of voluntary organisations were robust about their ability to receive Government funding and still retain their right to speak out. Some argued that the funding enabled them to be treated seriously, and therefore their comments, as long as they were carefully made, were valued. Many of those interviewed

³ Coming in from the Cold, DETR, December 1999

counselled against a view of independence that was too absolutist. Independence, they argued, is a key value, but one that is constantly in the process of re-negotiation. The independence of voluntary organisations from any funder is never straightforward, and will be interpreted differently at different times. It is striking, however, that the voluntary organisations with most confidence about their independence from Government were those with diverse and independent sources of funding. In particular, there was a strong view expressed that, while Government needed to recognise the costs to individual voluntary organisations of taking part in consultations, serving on Task Forces, and so on, there was often merit in this work being funded independently.

Another set of issues arises from the rapid expansion of some of the organisations caused by Government funding and to some extent by the action of other funders. Most of the literature about the management of the voluntary sector lays particular emphasis on the ways in which rapid growth is managed and resourced. In particular, it stresses that sudden growth can frequently present a crisis both for the staff management and for the governance arrangements. A number of organisations have not simply grown, they have also experienced a significant change in focus and style of operation. The reviews of the Baring Foundation core costs programme indicate that the most common use of this grant aid has been to develop the internal infrastructure to enable such growth and change to be managed.

It appears that the type of funding often provided by Government and other major funders such as the NLCB does not encourage the growth of organisations that are stable and able to innovate. This is particularly evident in the practice of paying only for the direct costs of new work, without a corresponding investment in the infrastructure of the organisation. It is also evident in the short time scales offered for quite complex funding bids, and in the suddenness with which funding seems to be terminated. Although the case has been repeatedly made⁴, the experience of the organisations funded by the Baring Foundation is that Government is still prepared to fund significant activities within organisations that are themselves fairly unstable because of their very limited central or organisational capacity. There are those in Government who argue that the voluntary sector is simply an agent of delivery and that Government need not attend to the long term security of these organisations. This is an attractive proposition for those who simply wish to see delivery on fairly short term and specific targets. It does, however, fail to recognise the difficulty of fostering innovation and of securing long term success, without the funds to make this possible. The principles agreed in the Compact's Code of Practice on Funding⁵ could, if implemented consistently, make a significant contribution to tackling these problems.

WORKING IN LOCAL PARTNERSHIPS

At local level the experience has been rather different. A range of initiatives, funded directly from central Government, involve the local voluntary sector working closely with local Government and other agencies. Each of these initiatives requires the active engagement of the "voluntary and community sectors" in the planning and delivery stages (e.g. in Health Action Zones⁶). These have demanded a great deal from a small number of organisations, and have taken place at the same time as a fundamental re-organisation of the ways in which local Government operates. The changed operation of local Government governance, with the

⁴ Who Pays for the Core Costs, ACENVO, August 1999

⁵ Funding: a Code of Good Practice, Home Office and NCVO, 2000

⁶ Voluntary sector engagement in Health Action Zones, Unwin and Westland, The Baring Foundation, 2000

creation of cabinets of executive members and scrutiny panels of backbenchers, has challenged the method of operating for many voluntary organisations and has significantly influenced the ways in which local voluntary organisations operate.

The Baring Foundation mainly funds national organisations, but in the North East, North West and London it has contributed to the core costs of some key second tier agencies. These organisations are experiencing dramatic change because of the changes to the ways in which local Government is modernising and the proliferation of area-based approaches. In both the North East and the North West there is evidence that, in some local authorities, new political governance arrangements are allowing the voluntary sector to play a much fuller role than previously. In the larger metropolitan authorities, however, where long-standing consultation arrangements have been disrupted, the picture seems to be much less satisfactory. In these cities, the voluntary sector believes that the new arrangements have increased secrecy and undermined existing arrangements.

There is clearly scope for these important local issues and also the increasingly important regional issues to be explored further.

KEY THEMES

Clearly, these major questions are both complex and also changing over time as a new relationship develops between central and local Government and voluntary and community organisations. Simplistic analysis of them and responses to them are not appropriate. Nevertheless, the experience of the organisations funded by the Baring Foundation suggests there are some key themes which need to be drawn out and considered if the positive outcome of the Government's new approach is to be maximised and potential difficulties avoided.

The first theme is about engagement with Government policy and maintaining independence. There appears to be a greater scope for voluntary organisations to influence policy and play a significant role in implementing it not least because they have played a part in creating a public policy agenda which is often congruent with their own mission and aims. However, there is a possibility that doing so will in direct or indirect ways limit the sector's ability to scrutinise and criticise public policy.

Voluntary organisations face a strategic choice about the extent to which they seek to influence and be identified with policy and also their involvement in implementing it as agents of Government. It is clear that the organisations funded by the Baring Foundation have been considering those issues and attempting a complex and intelligent engagement with Government according to their own circumstances. Some have become more heavily involved in implementing programmes while others are developing a role of scrutinising Government policy and practice. They will continue to be faced by this challenge of defining and balancing roles which may not always easily sit together. Clearly, this is an area where trustees must play the central role in deciding what general direction to take.

The Government has a clear view shared with the sector and articulated in the Compact that an independent and diverse voluntary sector is fundamental to the wellbeing of society. However, it may be that the Government is clear about the practical ways in which the sector can help it devise and implement policy but has not fully thought through the implications of this for the independence of the sector and how that should be maintained and developed.

This may be an area where the principles of the Compact should be developed into a clear code of practice.

THE CAPACITY OF THE VOLUNTARY SECTOR AND GOVERNMENT

For nearly all of the organisations concerned the changes in their relationship with Government had tested their capacity. For some, the test had been their ability to join in processes of consultation and debate and at the same time to carry on running their organisations. Playing a full part in civil society is time consuming and not normally a funded activity. For some, the demands for engagement and to influence policy are competing with the management needs of their organisations, while others are concerned that this could lead to a form of "mission drift" in which it becomes much harder for voluntary organisations to identify their own futures. On the other hand, they had given attention to understanding the strategic context in which they were working, and were clear that simply staying out of this process of discussion and engagement was not an option.

For many of those interviewed, the question of capacity was closely linked to one of expectation. It is easy for voluntary organisations - particularly those with less experience – to take part in discussions without a clear understanding of their role. Voluntary organisations need to have some clarity about the nature of their involvement and whether their contribution is, for example, to provide background data, shape priorities, manage delivery or provide some other function. Without this, they will not be able to take a fully informed view about the priority of the work, how to be involved and the likely benefits.

It has been suggested that a clearer methodology of this sort might aid voluntary organisations in their difficult decisions. Such a methodology would define:

- The purpose of involvement
- The level of engagement
- The nature of commitment expected
- The contribution expected.
- The possible benefits

There are already examples of this type of methodology (e.g. 'Active Partners' published by the Yorkshire & Humberside RDA) which could provide pointers to how a more structured approach could be defined. Currently the decisions made by voluntary organisations about participation are made rapidly, with limited information. They rely on informed guesswork and may be guided as much by the business needs of the organisation as by the outcomes that can be achieved. Crucially, these decisions test the capacity of the voluntary organisations and the individuals leading them. Skilled and capable individuals lead the organisations funded by the Baring Foundation. However, many of those interviewed stressed that the changing climate had tested those skills and the capacity of their organisations, including the trustee body, to cope with such rapid, demanding and frequently contradictory challenges.

There are particular challenges for infrastructure bodies. The Baring Foundation has devoted a significant proportion of its grant budget to supporting organisations that operate in the second tier, supporting front line voluntary organisations.⁷ This is because the Foundation believes that this is an effective way of supporting a healthy, vibrant voluntary sector.

⁷ Funding the Infrastructure, Ball and Unwin, The Baring Foundation, 1998

Infrastructure bodies need to represent their members with accuracy and assurance. In times of considerable change they need a clear mandate from their members to do so. They also, from time to time, need to lead their respective sectors and in particular may be able to spot the opportunity to seize a strategic advantage when their members are more resistant. These tensions are constant for infrastructure organisations, but there is some evidence that the current demanding policy environment has exacerbated them. Many of the network and representative bodies have given high priority to improving their communication with their members, ensuring that their views are represented accurately. This is particularly important because so many are conscious of the Government's readiness to bypass intermediaries of all sorts and go direct to the front line.

There are also concerns about the capacity of Government to cope with this new relationship. It was repeatedly stressed that Government is no more homogenous than the voluntary sector. Different parts of Government – and different sections within departments - may behave in very different ways, with very different assumptions and understanding about the sector. Nevertheless, there was concern that many parts of Government, while embracing the voluntary sector as a form of delivery mechanism and showing an eagerness to involve individuals from the sector in their deliberations, are also rather unsophisticated in the ways in which they do so and, especially, deal with dissent and disagreement.

A number of examples were given of rather clumsy interactions, suggesting that there is limited knowledge within Government of the ways in which the voluntary sector operates. In particular, Government was described as setting unrealistic time scales, with no understanding of the ways in which particular sectors work. Civil servants and ministers overlook the fact that the sector is made up from groups of independent organisations, each with their own trustee bodies, and that no organisation, however effective, can direct the sector.

"Sometimes they want to work with us – because we're close to the front line but they don't like the fact that we are not like them. They think we're messy, and we are"

These questions of capacity on both sides can be addressed through training and support programmes within the voluntary sector. The Government's programme of Modernising Government is also intended to make the civil service more adept at working with external stakeholders, and one facet of this is the development of external recruitment and secondments into the Civil Service. While many of the organisations surveyed had seconded staff into Government, and all had welcomed the opportunity to do so, they were clear that the loss of good people from very small voluntary organisations was a major threat to the voluntary organisation and was not adequately compensated. While it presented good personal development opportunities, and might in the long term dramatically increase the capacity of Government, the short-term impact was to reduce the capacity of those voluntary organisations.

Parts of the voluntary sector demonstrate considerable skill and political acumen in their management of this demanding political agenda. However, there are few opportunities to learn from each other and in particular concerns were expressed that some groups of trustees were not sufficiently confident with this new approach to policy making and service delivery. The danger with this is that the agenda is led by the Chief Executives who may then find themselves extremely isolated as new challenges and demands arise. The meetings organised

by the Baring Foundation to help produce this paper were described as among the few opportunities in which agencies could discuss these issues in confidence, and they were welcomed as a way of doing so. It is also apparent that there are also not many opportunities for those inside Government to meet to consider the ways in which they engage with the sector, and a strong view emerged that the Compact should provide a framework for such work.

There is also a question about the sector's continuing capacity to innovate. The generation of new ideas and the ability to spot emergent problems and develop intelligent responses is the source of the strength of the sector. Many of the organisations supported through this programme comment that maintaining their own organisations, and at the same time responding to external agendas, has left them with little capacity to plan for the future, let alone innovate.

THE ROLE OF THE INDEPENDENT GRANT MAKING TRUSTS

The Baring Foundation is an independent grant making trust. A significant part of its current programme of funding is entitled "Strengthening the Voluntary Sector", and the major contributions to core costs it makes are a part of this programme. The issue of the relationship with Government has arisen throughout the reviews of funded organisations, and this was the impetus behind this particular piece of work.

Voluntary organisations funded in this way have been very clear that independent sources underpin their own independence and provide some room for manoeuvre. This funding might be applied in a number of different ways.

- To allow organisations concerned with issues that are not central to the Government's policy concerns to continue to develop and thrive and exert appropriate influence
- To enable voluntary organisations to take part in policy bodies and working relationships with Government and retain a strong independent base
- To allow for the collection of information and evidence, and the presentation of it in a form that could then be used to influence policy makers and decision makers
- To support the internal infrastructure needed at times of rapid growth.

For grant making trusts these purposes may create some dilemmas. Many trusts are reluctant to subsidise Government, whether overtly or not. Equally, many believe that Government should be prepared to fund fully where there is a strong identification between the interests of Government and those of the voluntary organisations. On the other hand, they also recognise the need for practical underpinning of the independence of the voluntary sector, and many recognise that grant aid from a non-Government source provides a diversity of income that is very useful. Many grant making trusts are also firmly committed to supporting unpopular causes and those that do not readily attract Government funding and they recognise the need to do so.

CONCLUSIONS

This is a complex debate with no easy answers. The main groups of questions identified in this paper are:

- What has the new approach meant for the voluntary sector? Has inclusive government co-opted a sector that was previously known for its independence? Is the government able to tolerate dissent from those it funds? Is there a government agenda that is overriding voluntary sector concerns? Are voluntary organisations growing too quickly? Do they have the capacity to respond to this fast policy agenda? Should the sector aim to be a critical friend of government? If so, what does this function require from the voluntary sector? And from government?
- Have the terms of the relationship between government and the voluntary sector changed? One function of the voluntary sector has always been to highlight areas of need and to ask government to try and meet it. Increasingly it seems government points to areas of need and challenges the voluntary sector to meet it. Is this right? What has this done to the traditional three-way relationship between voluntary organisations, people in need and government? Are voluntary organisations expected any longer to represent people in need? Or is that - as some would say- now the function of government? What does this mean for voluntary organisations which have seen their function as drawing attention to the needs of disadvantaged people?
- Is there a proper methodology for involvement and engagement? Do we understand fully the demands faced by voluntary organisations? Are there ways in which greater clarity could improve the relationship? Or do we need to accept that the relationship between a reforming government and a voluntary sector both with multiple accountabilities is bound to be messy and volatile?
- What is the proper scope and role of independent grant making trusts in this context? Do they have a particular value in underwriting the independence of the sector? And if they do, what should their relationship be to the government's own policy agenda?

This discussion paper raises these questions in an attempt to stimulate debate and, at the same time, highlight those examples of excellent practice and thinking that are enabling the voluntary sector to play a full role in civil society. The Foundation has sought to strengthen the voluntary sector through its funding programmes. It believes that enhancing the autonomy, capacity and effectiveness of the sector should be the outcome of this wider debate. It would welcome comments on the matters discussed in this paper.

