



# making good

THE FUTURE OF THE  
VOLUNTARY SECTOR

A collection of essays by voluntary sector leaders

**CIVIL  
EXCHANGE**  
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## **Making Good: the future of the voluntary sector**

A collection of essays by voluntary sector leaders

# Introduction

Caroline Slocock



In these essays, 29 voluntary sector leaders and commentators give their views on where and how voluntary organisations could add most value to society over the next decade. Most are from the UK but there are also some illuminating contributions from or about other countries.

The aim is to generate wider debate that will help shape a stronger future for the voluntary sector. The idea came from the Panel on the Independence of the Voluntary Sector, which has highlighted serious threats to independence in its reports – including challenges to the sector’s independent voice; markets, not mission, becoming the driving force and undermining independent purpose and action; and a general loss of identity and respect for independence.<sup>1</sup> It calls for greater consensus about what is distinctive and important about an independent voluntary sector in order to underpin a ‘new settlement’ between the sector and its stakeholders.

There are different perspectives and many essays will provoke lively discussion, but some strong and surprisingly consistent messages do emerge.

## A turning point

The first is the need for the voluntary sector, collectively, to set a clear direction for its future, rather than passively responding to different forces – including from the state, which is looking to the voluntary sector to help it cut costs, reshape services and re-engage with the public. The voluntary sector must also adapt to reflect social and technological change, different expectations and increasing diversity within the sector itself.

A number of contributors comment on the underlying resilience of the sector and Karl Wilding thinks that it should face the future with “militant optimism.” But Professor Nicholas Deakin warns “the voluntary sector risks declining over the next ten years into a mere instrument of a shrunken state, voiceless and toothless, unless it seizes the agenda and creates its own vision.”

Julia Unwin sums up a wider mood amongst contributors: “The voluntary sector has the will, the power and the capability to set its own direction. If it can do this, and not be diverted by politics, funding or simply fashion, it will continue with its vital historic mission of serving the dispossessed and at the same time providing a platform for dissent.”

Many contributors see real benefits to people in society with limited influence and power of more effective working between the state and the voluntary sector. Sir John Elvidge, for example, argues that the voluntary sector should deploy its historical strengths of “mutuality” and “reciprocity” to help make public services more responsive and accountable and create an “enabling state.” But there needs to be a significant shift away from the current market-based model for modernising public services toward a “new paradigm” which better supports the distinctive value that the voluntary sector can bring, I conclude in my essay. Otherwise, the risks to independence remain.

## Modernising mission

A number of contributors call for a reframing of the purpose of the sector. *Prevention*, rather than the *alleviation* of social problems, emerges as a potential unifying focus. Danny Kruger believes that refocusing in this way - around opportunities, not problems - requires a significant culture change in the sector itself. He calls for a “bolder charity sector” that “fight[s] with everything in us to avoid becoming the poverty industry.” Beneficiaries must be treated as *agents*, not *recipients* of charity.

The ability to empower and establish relationships based on mutual trust and respect is identified as one of the distinctive strengths of the voluntary sector, at its best. But there is also an element of genuine challenge here. Looking at the implications of an ageing population with different expectations to earlier generations, Lynne Berry asks whether the sector is really ready to move away from “ideas of dependency, vulnerability and disengagement” and allow older beneficiaries the power and agency they increasingly expect.

In a similar vein, Steve Wyler comments on the transformative power of the ‘common good’ - in which “power and ownership and risk and reward are distributed more widely, trust and friendships are built [and] new forms of solidarity emerge.” This spirit *should* be at the heart of charitable mission, he believes. Indeed, common values and principles could help unify an increasingly diverse sector, David Robinson suggests. Steve calls for all institutions and individuals to work together to help solve major societal challenges for the common good.

Organisational boundaries start to break down when you look at mission in this way. Paul Farmer sees a move from being simply “campaigners and ‘doers,’ to become ‘changemakers’ and ‘enablers.’” Voluntary sector ‘changemakers’ support social action initiated by others within the community or facilitate this wider action. ‘Enablers’ work with others to “create a different debate, change the environment, help people to help themselves.”

## Valuing the voluntary sector

Several contributors write eloquently about the distinctive ability of the sector to generate social value in communities. Kathy Evans calls for a renewed focus on the voluntary sector's "greatest economic role – the creation of value beyond money.... We have the capacity to act as a 'currency converter' between what the economist Edgar Cahn calls the 'core economy' of family, friendship and community, and the 'cash economy' where everyone and everything must be paid for." But this quality is undervalued – even fatally undermined – when the state tries to harness it through price-driven contracting and competitive processes: collaboration and pooling of resources is seen by Kathy and others as a far better way to generate real value in communities across sectors.

Kate Bagley also calls for steps to unlock social capital, including better measurement and reward of capacity building within communities and more investment in innovation.

Writing from the experience of Trussell Trust foodbanks, Chris Mould says: "Merciful, non-judgemental, believing in you, are not phrases anyone would commonly associate with state social security provision.... Voluntary organisations can justifiably occupy a different and complementary space." There's potential for genuine collaboration with the state to create "scalable solutions to societal problems" but too often "condescension [is] their default setting."

## Strengthening communities

Many contributors agree that voluntary activity within communities, often through small organisations, can create the most change in individual lives and is the most distinctive way in which the voluntary sector operates.

As Judy Robinson says "Smaller groups.... are connected to their locality and they know it because they are part of it. This means that their work is trusted and it meets real needs drawn from insightful intelligence. They can attract volunteers and local resources because people can see the connection with a social good."

Joanna Holmes calls for a move away from standardised services to services that meet needs with a presumption of 'local first.' Many contributors point out that current pressures are pointing in the opposite direction and call for better recognition and financial support for local organisations and the infrastructure that supports them.

A rebirth of civil society in every community is needed, John Tizard suggests: the time is ripe for a "new type of economics, public policy and political activity" with an increasing focus on localism. Based on his own "grass roots" experience, Richard Bridge thinks both local authorities and voluntary organisations need to change behaviour – respect

for independence being one critical element. Michael Zisser, looking from the USA at community-based organisations across the world, calls on voluntary organisations to take more risk and use their voice.

Intriguingly, Paul Farmer in his earlier essay sees so-called ‘federated charities,’ which combine locally run organisations in national networks, as one way to combine the best of local with the strength of a national voice.

## **An independent voice**

Many contributors want the voluntary sector to be more assertive. David Robinson writes, “My first and biggest plea to the sector for the coming years – recover the mojo, raise the voice, revive the anger.”

Despite the importance of diverse voices in society, Oli Henman and Danny Sriskandarajah are concerned that “the ‘civic space’ available for open debate ... is being slowly restricted around the world” and warn of “‘instrumentalisation’ of civil society bodies to mere project delivery agencies.” Writing from Sweden, Heidi Sandberg sees the potential for the voluntary sector to help the state find new solutions and services but warns those “efforts will fail if the independence of civil society and the passion of its volunteers are undermined.”

The government is failing to honour its commitment, enshrined in the Compact, to consult the voluntary sector and is “doing its utmost to ensure that the right of the voluntary sector to campaign against harmful policies is increasingly diminished,” writes Sir Bert Massie, calling for a new Compact underpinned by statute and policed by an independent body.

The power of the independent voice of the sector should not be underestimated. Amanda Ariss comments that “the voluntary sector has in many ways been remarkably successful in embedding equality into mainstream thinking” but says it must continue to use its voice effectively on behalf of equality – and practise not just preach it itself.

## **Adding value to public services**

The role of the voluntary sector in helping reshape public services emerges as a strong theme.

Sir Stephen Bubb is clear the voluntary sector can “help the public sector to recover the mutual ethos that it has all too often never had... towards better delivery of services given the money available.”

Delivering pre-determined contracts, according to some contributors, does not best deploy the expertise of the voluntary sector. Dan Corry writes “Charities have a lot to offer public services over the next decade but only if they deliver to their strengths, rather than trying to be just another provider, and focus as much on service and contract design as on trying to win contracts.” Looking at practice in Germany and Sweden, Rebecka Prentell and Anna Ardin highlight potential choices to be made between being an ‘insider’ or ‘outsider’ in the delivery of public services.

Moreover, “The voluntary sector should be at the heart of a new model of services to the public - collaborating to meet citizens needs and manage demand,” according to Dr Henry Kippin, summing up a wider mood amongst many contributors.

## **Funding fit for purpose**

Many contributors are concerned about the current funding of the voluntary sector.

Cathy Pharoah says that the current funding model is “fragmented and lacking in coherence” and sees a danger of voluntary organisations being expected to subsidise public services in order to win contracts. “Unless smaller organisations are better supported through transition, and there is a shift towards core and infrastructure funding,” she warns, “sector services may weaken in the localities where they most need to be strengthened.”

Several contributors point to the need for new funds, either provided directly by government or investment in helping voluntary organisations access new sources. Charitable trusts and foundations have an important role. As Debbie Pippard writes, they can support the sector to speak out, provide core funding, invest in leadership development and work in partnership to create critical mass – and all with a view to the long term. Indeed, they are not just funders but “allies and agents in their own right,” Richard Jenkins and Keiran Goddard point out and warn that this independent role must be preserved.

## **Making good: the future of the voluntary sector**

Drawing on these insights, what might the voluntary sector look like over the next decade?

First, there would be strong, collective and inclusive, leadership on the issues that matter – a powerful, independent, and widely respected voice that speaks for local and community based organisations just as effectively as national ones. The sector’s mission would be, ultimately, to put itself out of a job, by seeking to solve, not just alleviate, social problems. To this end, it would be empowering individuals and communities, and collaborating with other sectors, for the common good. Its ability to generate social capital and value beyond money through the passion and goodwill of its volunteers and donors would be seen as central and valued accordingly.



This distinctive contribution would be widely recognised by social partners, including the state, and funding and contracting regimes would be redesigned to support it. New funding would be found to support innovation and important local activity currently at risk. There would be a presumption of 'local first' in commissioning. The ability of the sector to co-design better public services would be regarded as just as important, if not more, as its capacity, in some cases, to deliver more effective public services on the ground. The voluntary sector would always be listening to those it serves, seeing itself as an 'enabler' and 'changemaker,' never simply responding to the agenda of those with more power. Finally, the independence of the sector would be upheld by others and asserted by itself.



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and Director of Civil Exchange*



<sup>1</sup>*Independence Undervalued: the Voluntary Sector in 2015* is the most recent

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# A turning point



**Seize the agenda or risk becoming an instrument of the state**  
Professor Nicholas Deakin, *Panel on the Independence of the Voluntary Sector*



**The voluntary sector can have a stronger future by reconnecting with its past**  
Sir John Elvidge, *Carnegie Trust UK*



**The voluntary sector needs to reclaim its identity and set its own course**  
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**The voluntary sector must get ahead of the curve over the next decade**  
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**The voluntary sector should face the future with confidence**  
Karl Wilding, *NCVO*

# Seize the agenda or risk becoming an instrument of the state

Professor Nicholas Deakin



The next decade could be a major turning point for the voluntary sector, not unlike the one twenty years ago that produced the report of the independent Commission on the Future of the Voluntary Sector, which I chaired. Then, that report helped to promote a closer relationship with the state that continues to this day, which has encompassed both the delivery of public services and a recognition of the sector's role as a constructive critic of public policy. Now, the voluntary sector risks declining over the next ten years into a mere instrument of a shrunken state, voiceless and toothless, unless it seizes the agenda and creates its own vision.

Each successive generation flatters themselves that they occupy a uniquely privileged viewpoint that will enable them to spot a turning point at a hundred paces. But over the three decades in which I've been involved with the sector it has moved from the periphery of public policy concern towards somewhere near the centre - if anything as amorphous as the Big Society can be located anywhere in space.

Moreover, the New Labour years did represent a dramatic change of direction for the voluntary sector and its relationships with other 'sectors' - the state in particular. Many of the main characteristics of that period were indeed novel. These included a formal partnership with the state, embodied in the Compact, securing some voice in the policy making process, a Treasury actively seeking opportunities to allocate resources to the sector and the long overdue reform of charity law. Some other developments in the New Labour years, though also admittedly novel, pointed in a different direction. For example, there was the closer engagement with the private sector and its values and persistent reliance on central direction, driven by a target regime often incompatible with the exercise of local choices.

This time too, as in 1997, evidence is accumulating that a major shift in the situation of the voluntary sector and its relationships is in the course of taking place, which exposes the sector to new hazards and might at the same time provide new opportunities. In particular, future relationships with the state are in the course of being redefined by two key developments.

First and foremost, there is the austerity agenda and its consequences - the impact of cuts in public expenditure remains a crucial factor in determining the voluntary sector's present and future situation. The theme of 'controlling' the public finances may be less prominent just now in the Coalition Government's public discourse, perhaps because it clashes with the feel-good narrative essential for electoral purposes. But the process of cutting is not yet even half completed - we have the authority of the head of the civil service (Jeremy Heywood) for that.

Second, linked but distinct, there is the overall state-shrinking agenda, which is now clearly in view. This is part opportunistic - the austerity regime provides convenient cover for government to shed some functions and devolve others. But increasingly the driving force behind this agenda is straightforward ideology.

This has found expression in the otherwise baffling current cult of Edmund Burke, which revives a Conservative preoccupation from the eighties. It was then that *Hurd pere* first set Burke's 'little platoons' marching to exemplify the virtues of locality, loyalty to tradition and obedience to hierarchy. In this world, voluntary action could be 'shaped to fit' government's aspirations, as he put it in a once notorious phrase. Thirty years later, Burke now reappears on the political stage as the ancestor of the Big Society, as *Hurd fils* in government struggled to give some life to the Prime Minister's beleaguered concept.

In broad terms, this represents a push towards possessive individualism as the dominant social value. The ideal is a civil society divided into separate self-interested groupings pursuing individual agendas, with collective action to shape the political agenda, as represented by recent attempts by the voluntary sector to push back against some of the starker consequences of the austerity programme - most notoriously in the recent case of the Foodbanks - sternly discouraged.

Instead, this scenario envisages voluntary action as an alternative way to assemble resources, financial and human, which can be redirected into safer channels. The energies of philanthropy can be diverted into fundraising for uncontroversial causes like medical and military charities, which can skim a little cream from the whiskers of finance capitalism's fat cats. And volunteering may be the means of sopping up some of the young marooned on the fringes of an increasingly insecure labour market.

On service delivery, the emphasis falls increasingly on carrying out the tasks as defined on terms laid down from the centre - involving closer engagement with the private sector, its priorities and values, in a dependent capacity.

And on advocacy, the crucial condition is that the voice should not be "political". Campaigning is legitimate only when it fits the official agenda, not when it challenges the assumptions that lie behind it.

In all these ways, a space is being crafted by government for the voluntary sector to occupy - one in which those responsibilities that the state no longer intends to discharge can be handed down but on the administration's own terms. This is what seems to lie behind the recent push towards "charityisation" - floating off state functions into the third sector with a dowry. Such developments may help to promote new activity but shrink direct access to public resources and limit the scope for independent action.

If all this is right, the question that needs to be addressed is whether the voluntary sector is prepared to accept this definition of its future role, if the present government (in whatever version) is re-elected next year. Or whether, in the event of a change of government, the sector can offer - either in response to Lisa Nandy's current "conversation" with the sector or on its own account - an alternative approach which could promote a more positive concept of voluntary action. Either way, there's a pressing need to define a considered position consistent with either political outcome. Hence the recent speculation on the possibility of repeating the 1996 Commission on the Future of the Voluntary Sector.

One starting point for such an exercise might be to do what old-fashioned public sector professionals learned to do when I first entered the field - a SWOT analysis that identifies the sector's strengths, weaknesses, opportunities and threats.

The strengths of the voluntary sector, collectively and individually, are well enough known by now. But they urgently need reasserting, because one pressing problem is the risk of a different sort of shrinking, organisations deliberately holding back from contesting the limits of the restricted role that is in the course of being defined. As reports by the Panel on the Independence of the Voluntary Sector have recorded, self-censorship in a hostile climate is a major problem.

Any alternative needs to be pluralist, collaborative, seeking new allies and reinforcing links with older ones and sensitive to local differences (the voluntary sector hierarchy can be as centralising as the organs of the state or business). There are opportunities here, certainly.

And most important of all, the sector needs to fend off the threat of the shrunken role, with its clear and present dangers to independence of voice and action.

A sketch of some elements in an alternative approach might include:

- Promoting the little platoons in the locality to entrust them with executive responsibilities and resources to implement their own agendas. This role should be exercised in coordination with existing local institutions - local elected government, faith groups, co-operators, the enthusiasts and lobbyists. This would mean accepting diversity and its consequences, in terms of widely different local outcomes that modify or even evade central direction.

- Find and exercise voice without fear of retaliation. If the Compact is beyond resuscitation, seek alternative safeguards for independence.
- Use the extension to campaigning now provided by social media, with all their imperfections, to promote citizen involvement in building alternative approaches to major policy challenges.
- And as a first priority for action, address the consequences of the key issue of the day, the rise in political, social and economic inequality and its consequences. The impact on the ground has been vividly described by Mary O'Hara in her recent "Austerity Bites" and the inadequacy of current policies to deal with what he calls the "social recession" in Tom Clark's "Hard Times".

Others will bring different concerns to the table. As always, there will be diverse interests to satisfy and a variety of agendas that different groupings will seek to promote. Making the attempt to fit them all together into a coherent whole would be a demanding task (I speak as one who attempted it, in the very different circumstances of 1996). But whatever government is in power after May 2015 the sector will need to have a clear idea of how to assemble a statement of its priorities that carries conviction with as wide a range of stakeholders as possible.



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# The voluntary sector can have a stronger future by reconnecting with its past

Sir John Elvidge



We are at a time of significant change. There is increasing evidence that people want more control over the circumstances of their lives as individuals and in their communities and that there is a correlation between a sense of control over our lives and our wellbeing. There are strong arguments in favour of the state adopting a more enabling role in response to people's desire for greater control. Working with the Carnegie UK Trust over 18 months, I have been involved in a detailed research and listening exercise on the changing role of the state. We concluded that a new 'enabling state' is emerging, one which is based on a more balanced relationship between the state and citizens. We lay no claim to this shift, many others have commented on it too, but we hope that by setting out its constituent parts people can better understand the nature of the change taking place. We argued that the shift from the welfare state to the enabling state consist of seven policy innovations:

- From target setting to outcomes
- From top-down to bottom-up
- From representation to participation
- From silos to working together
- From crisis management to prevention
- From doing-to to doing-with
- From state to third sector

In this emerging 'enabling state', charities and voluntary organisations have a key role to play. Not just in delivering public services, but in supporting the public sector to rethink its relationship with communities and citizens.

Charities and voluntary organisations have a number of assets to bring to an enabling state:

- They are in a unique position to help address a key area of our wellbeing – our need to be involved in our communities;
- They are vital to prevention and early intervention;
- They remain largely trusted by citizens and communities.

Organisations in the third sector draw their strength from their degree of connection with those whose needs and aspirations they were set up to meet. At their most distinctive, they embody an element of mutuality and reciprocity. Unlike traditional public services, they embrace the fluidity between the roles of provider and beneficiary – seeing both as active contributors to improving outcomes.

Within the sector, those organisations which have the best experience of building mutuality and reciprocity into their approach can have a valuable role in sharing their experience with other organisations that have become more separated from those whose interests they aspire to promote (I recognise that many worry that contracts and funding pressures are moving them more and more far from their users and beneficiaries). In particular, there is value in sharing experience of how to help people grow their capacity and confidence, thus reducing their need for support and increasing their ability to support others.

In this way, the sector can build a model that is clearly distinctive from traditional state delivery of public services. The state model is both appropriate and desirable where delivering a public service to citizens is clearly more effective than the model in which people control provision themselves: most aspects of the maintenance of law and order and of income redistribution, many aspects of healthcare and, in most people's opinion, of schooling. It has a much less well-evidenced record of greater effectiveness in relation to many aspects of social care and even of assisting people to enter and maintain employment. If the third sector gets behind the argument that those employed by the state need to learn the additional skills required to support the growth of people's capacity, the transformation could be significant. The sector is in danger of losing a strategic opportunity if it disregards or downplays its current and historical strengths in those skills. It would be doubly a mistake if the sector increased further efforts to substitute for public bodies in the delivery of traditional public services at a time when the inherent effectiveness of some of those services is under question.



*Sir John Elvidge was permanent secretary of the Scottish government from 2003 to 2011 and is currently leading the Carnegie UK Trust's work on The Enabling State*

# The voluntary sector needs to reclaim its identity and set its own course

Julia Unwin



The voluntary sector has always changed and evolved. It needs to reclaim its identity and set its own course as the world around it changes.

Talk of a tipping point, a turn in the road, a game-changing moment is far too common, and it is nearly always wrong. Most social change happens slowly, evident through gradual incremental movement, and largely unnoticed until we look back and realise that life has indeed changed. Metaphors about boiling frogs are popular precisely because they illustrate the ease with which social change can be ignored until it is too late.

And yet there are times when a combination of changes - economic, social, technological and political - combine to bring some urgency to the question 'are we in shape for the world we now face?' Is the voluntary sector ready for the challenges we face? Are we setting our own course or are we buffeted by changes which others are commanding?

As we go into a General Election year, and one in which there will be a major Comprehensive Spending Review, we do so at a time of constitutional uncertainty, between the four nations of the UK, about the power of cities and regions, and about our own place, or otherwise in Europe. We are also a sector which has been buffeted and deeply damaged by changes in funding, and has had more than its fair share of advice from others about how it should best operate.

## The developing role

The voluntary sector has always been involved in providing services. The ugly terminology of delivery, as if to a passive set of recipients, covers a multitude of activity going back centuries: medieval almshouses and monastic hospitals, Victorian orphanages and asylums, the massive explosion of civic activity in response to the Industrial Revolution, and then the welfare and support provision as the UK got through two world wars and financial collapse. It has also always been the sector of voice and demand: the identity movements of the 60s and 70s, the tenants' rights movements and the civil rights campaigns, are all proud parts of the voluntary sector's long and varied history. Throughout this history the voluntary sector has changed and adapted. New organisations have been formed, and different emphases adopted.

## The changing world

We are now at another moment of change. First and foremost, the economy is changing, and changing faster and in ways that many of us never anticipated. The digital revolution has not just changed how we do things, it changes what we do. The economic model that the Industrial Revolution spawned, changed in to a service economy, in which relationships and brand mattered hugely. We are now moving to a networked economy, where smaller organisations, shifting like the internet itself, change the relationships between people and services, and between citizens, the state and the rest of society. This more networked economy is the first major change.

We are also experiencing a scientific change which too has its roots in the digital revolution, and rivals the Industrial Revolution for its impact. Three major developments have the capacity to change everything: first, the power of data analytics to predict behaviour, and to understand difference. Second the capability to understand DNA, and third the developing science of robotics. All three of these together will change the way we view work, the way we manage the pooling of risks and the ways in which public services are received and viewed.

And of course, and just as importantly, the population in the UK is changing, and has changed. It is not only that in some parts of the country it is very much more ethnically diverse, important though that is, it is also that the shape of families and households has changed too, with the emergence of far more single-person households. And across the whole population the incidence of long-term illness, as a result of the hugely positive advances in medical science, and higher numbers of people with disabilities, will be a feature of our ageing population. Accompanying all these changes with the challenges of climate change, the vulnerability of our modern globally inter-connected economy, and the fiscal pressures and it is clear that the role of the voluntary sector must change and develop.

In times of great change every sector attends to its future, and it is right that the voluntary sector should check that it is fit for this uncertain, contested and challenging future. The sector itself needs to consider its identity, understand its shape and attributes, and discover for itself what role a resilient, adaptive sector can properly play.

## Openness

We go into these changing times with a number of challenges. The funding for the small part of the voluntary sector that has been funded is reducing, and the impact of this is being felt differentially. In an interesting mimicry of the commercial world, we witness the agglomeration of some organisations, becoming stronger and more powerful. At the same time we witness a whittling down of the middle-sized organisations, those local and regional bodies which have faced such sharp reductions. And a simultaneous burgeoning

of small, spontaneous, informal organisations and groupings, some facilitated through social media, others driven by local passions and priorities. How do we welcome the new organisations? How do we respond to the angry outliers, those without recognisable constitutions, indeed all those new groupings that could shape the voluntary sector of tomorrow? One response is to erect barriers to entry, to describe the sector as already overcrowded, to privilege those with reputation above those with potential. An alternative is to listen and learn, to make common cause, to understand and to adapt. If the future is mobile, social and local, the future of the voluntary sector will be determined by the ways in which we engage with, learn from and celebrate those new entrants.

## **Accountability**

Those of us working in voluntary organisations can all too easily forget how obscure and inaccessible we seem. While it is hard to lead a life as a citizen that does not bring you into contact with voluntary bodies – from playgroups to allotment societies, high art to rotary clubs, patients groups to major fund raising – for very many people the ways in which charities and voluntary organisations work is shrouded in secrecy. Funding which is assumed to come from charitable donations is sometimes actually earned income through commissioning; grant-making trusts are at best incomprehensible, at worst secretive; charities claim to spend every penny on the front line – and yet clearly have administrative costs. And in the midst of this confusion about the way in which charities manage their finances come stories about executive pay, and excessive expenses. The governance too of voluntary organisations can seem pretty unfathomable to most citizens. The role of the unpaid trustee, and their leadership role or otherwise, can all make charities hard to understand.

While there is complexity and secrecy in all parts of society, this is always, and increasingly, open to challenge. The protection afforded by brand, trust and reputation is fragile in the extreme, and voluntary organisations who cannot, or do not, give an account of what they do, and how and why, will struggle in a more litigious, more challenging, less deferential environment.

What is more, the new voices facilitated by social media will challenge voluntary organisations, just as much as they challenge the NHS and most local authorities. The notion of voice belonging to any one sector has always been a frail and contested one: in the current environment there is no way any organisation or sector can claim to speak for people.

## Purpose

In this changing world, there will also be changes to the purpose of voluntary organisations, and a self-directed, self-determined sector needs to be able to shape the purpose in response to need and mission, not the prevailing winds of fashion, politics and funding. Just as the provision of services has long operated alongside the facilitation of voice, so now the voluntary sector will be called upon to mediate in an increasingly complex world. Communities told to rely on their own assets, may well feel abandoned unless organisations stand alongside them, ensuring that the price of developing self-reliance is not the further withdrawal of help from either the state or the market. New functions of engagement, of understanding and of solidarity will become part of the purpose of voluntary bodies as they pursue their historic role of providing a platform for the dispossessed, ensuring that those in need can never be ignored. In a networked economy voluntary organisations will be judged by their connections as much as by their balance sheets, and will need to demonstrate that they are open, and accountable, in the more complex, and more rewarding world.

The voluntary sector has the will, the power and the capability to set its own direction. If it can do this, and not be diverted by politics, funding or simply fashion, it will continue with its vital historic mission of serving the dispossessed and at the same time providing a platform for dissent.



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# The voluntary sector must get ahead of the curve over the next decade

Caroline Slocock



The voluntary sector must get ahead of the curve and set its own agenda over the next decade - one that makes best use of its distinctive strengths, meets the genuine interests of those it serves and responds to changing circumstances.

## A changing state

The state will continue to look to the voluntary sector to help it change. A smaller state is seen as inevitable, even desirable, by David Cameron and deep cuts in public spending are set to continue under any government. Through the Coalition's Big Society and Labour's One Nation policies, politicians have also been signalling a new role for the state: less hands on and more effective at tackling social problems, engaging communities and individuals more actively in shaping their world. These developments are happening in other countries too: what the Carnegie Trust calls 'the Enabling State'.

There are choices here for the voluntary sector. It could run existing public services more cheaply and act as an emergency service when the state withdraws or fails – the main direction of travel now. Or it could help the state to reconfigure itself so that it works more effectively and responds better to different needs.

## A changing democracy

Politicians will also be looking to the voluntary sector to help with a democratic deficit. Many people, particularly those with least influence, are disengaging from traditional politics. In contrast, the voluntary sector enlists the support and trust of millions of individuals, not just because of the services it runs but also through its public campaigns - and, unlike politics, it is engaging the young. Three out of five teenagers recently said charities and social enterprises are having the most impact in their communities, compared to just one in ten who cited politicians.<sup>1</sup>

Again, there are choices. Will the voluntary sector accept a role as a mere conduit for politicians to engage different communities in activities it has pre-determined? Or will it succeed in generating real dialogue between those it serves and central and local government? Will the voluntary sector's voice in public debate be welcomed or will it be seen as lobbying that undermines the political process and needs to be curtailed?

## A changing society

Society is also changing. Technology opens up new networks and more individual power. The population is ageing and is becoming more diverse. Trust in many institutions is eroding and even the welfare state is increasingly under fire. Belief in the benign effects of capitalism and markets has been shaken by the banking crisis and subsequent corporate scandals. As Thomas Piketty has documented, post-war capitalism has also been marked by growing income and wealth inequalities. Deep inequalities of opportunity, health, well-being and social capital also exist.

Will the voluntary sector help reinvent a welfare state or will it increasingly become society's 'safety net'? Will it succeed in achieving greater equality and fairness, or end up simply tackling the symptoms of inequality? Will it evolve to work with changes in technology and demographic changes or will it be left behind?

## What is distinctive about the voluntary sector?

The answers to where and how the voluntary sector can add most value over the next decade depend partly on what is distinctive and important about it, compared to the public and private sectors.

The voluntary sector does have distinctive strengths, directly linked to its independence.

First, what might be called *community empowerment* – working independently on behalf of different causes and communities, including unpopular issues and minority and marginalised people. Voluntary organisations not only draw in resources through volunteering, donations and community assets. They also create social capital by bringing people and social networks together, including at local level. This is achieved, not through taxation, state or political organisation or for any “for profit” motive, but through sheer goodwill and *independence of purpose*. It gives power to people through a non-political means. This is particularly important for disadvantaged areas and communities, where surveys show a strong sense of belonging but far lower levels of trust and social action than in more affluent areas.

Second, through its *independent voice*, the sector provides a vital channel for diverse views, interests and needs, especially for those with little ability to influence policies and practices. Many of the values regarded as social norms today have arisen because people have grouped together through voluntary association to challenge the status quo. This independence of voice is key to a healthy democracy and fairness in society, and an important catalyst for better public services.

Third, the voluntary sector has *specialist expertise*, often in preventing or ameliorating complex problems, acquired and delivered through *independent action*. This comes from innovation, risk-taking and deep value relationships of trust and mutual respect with those



with whom they work. It is often deepened by the involvement of volunteers, who often have first-hand knowledge of the issues faced, and by long-term commitment to those served.

This is not to say that the sector is unique. The private, public and voluntary sectors share many characteristics, with the voluntary sector often providing services and generating revenue in similar ways to other sectors, and every sector benefits from a strong mission, values and social purpose. And there are good, bad and indifferent organisations in every sector. Voluntary organisations can learn from other sectors and forge valuable collaborations and alliances with them.

## **The importance of independence**

Independence underpins each of these strengths but, as the Panel on the Independence of the Voluntary Sector has concluded, it is under threat, with the private, public and voluntary sectors increasingly seen as interchangeable in the delivery of public services. The Panel, which was set up in 2011 by the Baring Foundation, has produced three annual assessments to date.

It has found that the voice of the voluntary sector is at particular risk, with increasing government attacks, for example, through the Lobbying Act and “gagging clauses” in government contracts, and self-censorship within the sector, fuelled by fears about funding. Some commentators think voluntary organisations funded by the state should not challenge it. Others argue that voluntary action cannot be voluntary unless it is free of state funding altogether. A view is also emerging that charities should not campaign, whatever their source of funding.

The voluntary sector receives 35 per cent of its income from statutory sources and 80 per cent of that is for contracts for services. This state funding often goes to charities working with disadvantaged or marginalised client groups, where the voluntary sector’s ability to reach and empower diverse communities, its specialist expertise and independent voice are especially valuable. But these qualities are undervalued in current commissioning and procurement practices, which tend to favour standardisation of services and national scale. Smaller, community-based organisations are losing state funding at a time when demand for their services is rising. A survey of 350 such organisations fighting poverty found that one in five said they were at risk of closing their doors.<sup>2</sup> Large voluntary organisations are faring rather better in the contract culture, though huge multi-national companies seem to be the real winners.

Existing structures for preserving and championing independence are also relatively weak, particularly the Compact and the Charity Commission, which is focusing increasingly on a narrow regulatory role.

The Panel has concluded that a new settlement is needed between the voluntary sector and key stakeholders but that this must first be underpinned by a shared understanding of the distinctive strengths of the voluntary sector and why independence is important.

## Need for a new paradigm

That understanding needs to start within the sector itself, which can seem caught up in inwardly focused discussions about current government policies and procurement practices, rather than on the needs of beneficiaries and its alternative vision of the future.

The voluntary sector could provide a new paradigm for generating social value to inform how it works with the state. This relationship is currently dominated by a contract and market based model of public sector reform that looks increasingly ineffective and is tarnished by private sector scandals and failures, including in the delivery of public sector contracts.

A new paradigm would recognise the social value of community empowerment, of diverse voices in the co-design of services and of investment in expertise that generates social capital and early action. It would encourage relationships between sectors that build on respective strengths and develop common goals, not just working through contracts, competition or sub-contracting.

## Conclusion

There's real potential for the voluntary sector to make a difference over the next decade. But only if it articulates and asserts its distinctive, independent strengths.



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<sup>1</sup>*Introducing Generation Citizen*, Jonathan Birdwell and Mona Bani, Demos, February 2014

<sup>2</sup>*Something's Got to Give: The State of Britain's Voluntary Sector*, Centre for Social Justice, December 2013

# The voluntary sector should face the future with confidence

Karl Wilding



The period since the 2008 financial crash has undoubtedly been difficult for the voluntary sector. This has arguably been a period of structural change, rather than simply the bottom of the voluntary sector's economic cycle. A profound, permanent shift in relations with the state, digital disruption and changing social attitudes regarding welfare and how to address social problems have created a heady mix of issues for voluntary organisations to deal with. But I can't but help think that reports of the sector's imminent demise – which one might conclude from reading some of the other essays in this series – are greatly exaggerated. While confidence can easily be characterised as ignorance or, worse, indifference to the plight of many organisations at the moment, I think that there are strong arguments for the sector to face the future with an attitude of what David Barrie called 'militant optimism'<sup>1</sup>.

## Resilience: the new sustainability

Why so? It's first worth noting that during the worst recession in the post-war period, the voluntary sector is still very much with us. Resilience is the new sustainability. The Charity Commission continues to register new charities at a rate of 5,000 each year, whilst the number of Community Interest Companies is now around 10,000. In real terms, the sector's income peaked in 2008/09 at almost £41 billion, but our latest estimates of £39.2 billion in 2011/12 shows a sector where charitable giving is now stable, with income from the public as a whole rising. Whisper it, but I wonder if parts of the sector are thriving?

The exception to the stability picture is income from statutory sources, now on a downward curve for the foreseeable future. Often mistakenly referred to as government funding, this long ago switched from grants to contracts as the basis for the relationship; another common misapprehension is that 'the sector' is widely funded by government, yet three-quarters of organisations have no direct relationship with a statutory funder. But even here, there may be cause for optimism. An ongoing government deficit (and a yawning public debt requirement), combined with an ageing, atomised and more demanding population might well point to more radical solutions to managing (and reducing) demand for public services, such as combating isolation through neighbourliness or alternative approaches to treatment such as social prescribing. Add in imminent changes to procurement rules,

the potential for the Social Value Act, and a dash of localism, and there may well be scope for greater community involvement in the services we use.

Maybe. But even the burning platform of statutory income is driving different thinking in many organisations. The sector as a whole is again thinking about alternative financing models, such as the use of loan finance (not unfamiliar to charities such as Toc-H as they tried to build their capacity during WWI), microfinance (especially using web-based platforms) and crowdfunding. These models and mechanisms aren't right for everyone, but they suggest a willingness to think differently and a resourcefulness characteristic of the innovative capacity we in the sector justifiably like to talk-up. They also suggest a sector that is looking more downwards to its grassroots supporter base (or as David Barrie calls them, the 'grasstops'), instead of upwards to government funders.

More contentiously, we might be seeing a sector that is more interested in sharing assets than owning them (so-called collaborative consumption), and more awake to the possibilities of 'resource raising', not just fundraising. There is increasing interest from the private sector in working with the voluntary sector, but the dominant mode of engagement is no longer handing over cash: sharing skills, networks, assets and time are the *modus operandi*. And there is emerging, anecdotal evidence that more organisations are rethinking their operating models: amid talk of lean startups, digital by default and agile working, we are hearing of more organisations thinking about how they redesign services around users. Some are using data and evidence to focus resources on interventions that make the biggest difference. Others are looking to learn from other sectors. Many argue that they are becoming more efficient and effective in the process.

## **The rise of social action**

A final cause for optimism is the strong will to change the world for the better amongst those in their 20s and 30s, the Millennials (or Generation Y) and their successors, the so-called Generation Z. Britain has long relied upon a civic core of volunteers and donors who have given a disproportionate share of total time and money, but we should find optimism in the emergence of 'social action' amongst the Millennial generation – self-organised, digitally-enabled, friend-focussed. Indeed, there is evidence that the current cohort of young people are more likely to get involved than previous generations did at the same age. I think we are seeing their imprint in the increasing number of social entrepreneurs, often using digital tools and platforms, seeking to 'do some good'.

All well and good, but the rise of social action and the Millennial generation brings with it a challenge. We have long noted the blurring of boundaries between the public, private and voluntary sectors, with resultant challenges of distinctiveness and values. It has been argued that the Millennials are 'sector agnostic:' they don't care which sector they work in,

and may even find the notion of sector old-fashioned, they just want to make a difference. Can charities, voluntary organisations and community groups show to the Millennials that their tried and tested models of organising, governance and financial sustainability are the best way to make a difference?

### **A trend is a trend is a trend...**

My own militant optimism is that they can. I encounter a small but growing cadre of managers and trustees, volunteers and social entrepreneurs, who think that our sector is different to business and government, and I think that we have to follow their lead. I think they're determined that we have to solve our own problems, not simply look to government. They're thinking about a blend of funding and finance, and are open to how digital can help modernise their operating model. They're focussed on impact, using data to evidence what works, and not just to produce reports to funders. And they recognise that the world has changed, and that we can't hanker after some golden age when everything to do with the voluntary sector or volunteering was so much better.

To end where I began, these remain incredibly challenging times for many organisations, particularly those on the frontline, dealing with changes in welfare and the aftermath of recession. Not everything, or everyone, will be OK. But there are enough examples out there of organisations, old and new, that are finding ways through the current duress and starting to plan for the upturn: to quote Ged Davis, "a trend is a trend is a trend, until it bends."<sup>2</sup>



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<sup>1</sup>[http://davidbarrie.typepad.com/david\\_barrie/2010/09/militant-optimists-urban-development.html](http://davidbarrie.typepad.com/david_barrie/2010/09/militant-optimists-urban-development.html)

<sup>2</sup><http://ncvoforesight.org/news/ethical-consumerism-and-the-economy-a-bending-trend>

<sup>3</sup>A longer analysis of these issues appears in *The Road Ahead 2014*, available at <https://www.ncvo.org.uk/members-area>.

# Modernising mission



**The voluntary sector must adapt to changing expectations in an ageing population**

Lynne Berry, *Commission on Ageing and the Voluntary Sector*



**From campaigners and 'doers', to 'changemakers' and 'enablers'**

Paul Farmer, *Mind*



**The voluntary sector must redefine itself around opportunities, not problems**

Danny Kruger, *Only Connect*



**The common good must be at the heart of charitable mission**

Steve Wyler, *A Call to Action for the Common Good*

# The voluntary sector must adapt to changing expectations in an ageing population

Lynne Berry



At the Commission on the Voluntary Sector and Ageing, we're setting a challenge to charities and social enterprises. We want them to rethink their work so that they can help make England a great place to grow old. We're asking the voluntary sector to reconsider its relationship to older people: is it one of empowerment, participation and inspiration or one that peddles ideas of dependency, vulnerability and disengagement? We're also challenging the sector to think about how the increasingly diverse older generations of the future will prioritise their local, regional, national, and global participation. Of course, an ageing society is not just about old people; we're also considering how young people will prepare for a fulfilling and mutually supportive older life when their ties are as much worldwide as down the road.

We've got a 20-year horizon: we're talking about generational change. We're considering fundamental shifts in the work that charities and voluntary organisations do. We've looked at volunteering, the workforce, young people's participation, umbrella organisations, fundraising, philanthropy, how globalisation and diversity may affect voluntary organisations and how different roles of women and men in the workplace and communities may affect their engagement in the voluntary sector. We're also considering whether 'charity' is the best organisational framework for ideas of mutuality and reciprocity.

We haven't completed our task: we publish our recommendations in March 2015. More work is in train to develop action plans with black and minority ethnic organisations, children's charities and those integrating health and social care. We will also look at governance and the workforce of the future. We're considering the relationship between the sectors to understand their respective roles in delivering the sorts of services that could result in a satisfying and empowered old age. Fundamentally, we're assessing whether the voluntary sector has the capacity to deliver a vision: a vision in which England (alongside the rest of the UK) can become a great place to grow old.

In looking at that capacity we have inevitably considered the relationship between the state and the voluntary sector. And we recognise we are stepping on increasingly uncertain ground. During the last decades the voluntary sector has looked to government for direction and to create a framework for its activities. Nearly 20 years ago the Deakin Report on the Future of the Voluntary Sector made numerous recommendations, creating a vision for the sector. Although some ideas were for the sector itself, most were for

government. They included establishing the Compact and putting the responsibility for the voluntary sector in the Cabinet Office, instead of the Home Office. The aspiration was for the voluntary sector to be at the heart of government, to be given a vital role in policy development and in building strong communities. The voluntary sector was to become the third sector; one of the essential pillars of civil society, and one of the providers of localised, personalised services in the new world of commissioned services.

Public services such as health, schools and education, social work, healthcare, housing, leisure, children's services, home and residential care came increasingly to be delivered by the private sector; often with the voluntary sector as a sub-provider, or, occasionally, as the main contractor. As a result, a generation of people has grown up who have seen the state, nationally and locally, not as the sole provider of public services but simply as one of a number. The voluntary sector too has come to be seen as one of that range of providers, focused on demonstrating impact and value for money. Its role as an independent sector, focused on innovation, advocacy and challenge, has been seen to diminish and the relative roles of the state and the voluntary sector (and indeed the private sector) have become less clear-cut.

So, thinking about the older people of the future, what will they expect of the state and of the voluntary sector? After all, it is that likely their public services will continue to come from hybrid organisations such as social enterprises, private consortia, private/voluntary / public partnerships, traditional charities and new look mutuals, all financed by a mixture of public, charitable and private funds. Will the older people of the future see the voluntary sector as having a specific and distinct role? And what will it be?

The recent headline in 'Third Sector', reporting Frank Prochaska's lecture to the Charity Commission's annual meeting, suggested that 'The government should clarify the boundary between state and charity' (Third Sector Sept 18 2014). Whilst having considerable sympathy for his view that the intertwining of the state and the voluntary sector has reduced the sector's independence, I would disagree that the responsibility for clarity lies primarily with the government. It seems to me that the sector should itself take ownership of that boundary and define itself as independent, with its own vision for its future, and determine for itself the partners with which it would work to achieve its goals.

In 20 years time, there will be an extraordinarily diverse cohort of older people. Their views will reflect their life experiences, will inform who they think is responsible for giving voice to their aspirations, and who should provide the services they will need. This cohort will comprise the first generation for whom mass home ownership became a reality, the generation who benefited from free further education and universal healthcare. They will be the radicals of the 60s and the first generation of women to have spent their adult life being defined as much by paid employment as by home responsibilities. There will be increasing numbers of people from a great variety of BME communities. And there will be many whose lives have benefited from human rights and equality legislation, emphasizing



that citizenship is for all. Of course not all will have benefited equally: there will still be inequality and injustice, but overall these people will be the best educated, the wealthiest, the healthiest and most racially diverse older generation that will have ever lived.

And when it comes to public services these generations will feel relaxed about who provides them. Flexibility, accountability, customer service and innovation will be what matters, not fixed views about which sector should provide what. Furthermore they may not see these services as something that are provided to and for them, but rather they may see them as something they have contributed to through creating entrepreneurial, socially-responsive bodies, financed by social investment. And if they do receive services they may well call for rights not charity, as indeed many proclaimed in their youth.

I do think the voluntary sector will still have a role to play but only if it begins to change now. There are things it must do. The first is to articulate and protect its independence and its capacity to control its own destiny. That means it should not look to government to shape or define the sector but do so itself. It needs to articulate its vision for an equal and engaged society for all and to build the capacity and skills to work with others to achieve it.

Secondly it needs to look to its organisational structures to see if they really can encourage the participation and co-ownership of those with whom it engages. It may be that reciprocal and mutual organisations will be more in tune with the needs of older people of the future.

Finally older people may not want to be segregated within older people's charities but rather be part of organisations that are for all ages. They may want to live in 'age friendly communities' where they have a voice, where they can participate meaningfully, and where they can build on a lifetime of skills and experience.

Although the Commission on the Voluntary Sector and Ageing has more work to do and has not yet made its recommendations, we are already agreed on one thing. We will not be calling on governments to define our future or to set up new structures for us. Our recommendations will be for the sector itself. There is much to be done to make England a great place to grow old and although the sector cannot do it alone, there are things it must do to refocus its own work and its own practices if it is to remain a key player in achieving this vision.



*Lynne Berry is the Chair of the Commission on the Voluntary Sector and Ageing and Senior Fellow at CASS Business School*

# From campaigners and ‘doers’, to ‘changemakers’ and ‘enablers’

Paul Farmer



The sector is in a good state but it needs to adapt and develop, as it has always done, to meet the needs of the beneficiaries we serve and take its place as a true ‘Third Sector’ - a credible yet different alternative to the public sector and the private sector.

## Introduction

The voluntary sector is in remarkably good shape. Despite some of the challenges to our integrity, partly a result of a wider public appetite for accountability and transparency, the facts alone tell us of a strong and vibrant sector: More people helped, more support, more (and more measurable) impact. Many causes advanced - gay marriage, cancer waiting times and recovery rates, smoking reduction - at least in part due to the work of voluntary organisations.

However, there are some warning signs - the rise of social media and the citizen activist could render traditional campaigning obsolete, the increase in access to information could challenge the role of the charity as the trusted provider of information, the increase in contracting culture could drive out charity providers in a ‘race to the bottom’ or creation of ‘super contracts’ beyond the reach of all but a few. There are some challenges to the role of the sectors as campaigners, and a lack of public understanding about the nature of modern day charity.

## Campaigners and doers.....

Like many other organisations in our sector, Mind has emerged as an organisation that ‘campaigns and does.’ The reason for this is simple - supporting and listening to our beneficiaries. Over many years, people with mental health problems have told us two simple things - they want help and support for themselves, and they want the world in which they live to improve. In order to fulfil these objectives, we aim to influence civil society - not just government, but business, faith groups, sports networks and communities. We know we can’t do this on our own, so why try? Within mental health, our partnership with Rethink Mental Illness to establish the Time to Change campaign has led to a measurable improvement in public attitudes to mental health. Beyond mental health, we have worked with organisations ranging from The Conservation Volunteers, The Wildlife Trusts to Crisis and Gingerbread, as well as more obvious partners such as Scope and Mencap. But we also work with large employers from American Express

to Deloitte and with a wide range of Government departments, as we build awareness, understanding and action on mental health.

And with an improved focus on impact, we can also assess the success of our 'doing' work, mainly delivered through national services such as our Infoline and digital resources, and locally through our network of 150 local Minds. Of course not everything works perfectly, but we can point to evaluation showing the effect of an 'Ecominds' approach to green therapy, to stakeholder research of opinion formers reflecting our impact, and most importantly, opinion from people who use our own services. Our local Mind network routinely asks beneficiaries about the quality and outcome of their experiences of the support they receive.

### **...to changemakers and enablers**

So much to be proud of. But this sector cannot and must not stand still. The current model has worked well. As charities mature, they can find change harder to manage. Perhaps the lure of the establishment is too great. Maybe established service models need reforming but there's internal resistance to the change. The biggest risk is you lose touch with your beneficiaries because you've stopped listening to them, and started listening too much to other people. Fortunately, our sector has shown itself to be more than capable of spotting this and acting upon it, and I'm convinced it will do the same again.

We are rightly in the business of changing the world - eradicate disease, end poverty, save the whale - and so we should be. It's what our beneficiaries want. But we can't do this on our own. The future will be more collaborative across the sector, finding common cause, influencing policy, raising the ambition for our society.

I have two suggestions for our role as we go forward.

First, we evolve from campaigners to changemakers.

Our organisations will evolve from leading campaigns to supporting changemakers, much of it via social media.

We saw an early sign of this last year, when Tesco and Asda put on sale the 'mental patient' outfits. One of the supporters of Time to Change noticed this and posted it on Twitter. We tweeted about it, but then it acquired a life of its own as thousands of friends and family spoke out publicly. Three hours later, the costumes had been withdrawn. The next day people with mental health problems reclaimed the hashtag 'mental patient' and started posting photographs of themselves doing things like having a cup of tea, going to work etc. We didn't lead this campaign - we simply drew it to the attention of people who as citizen activists helped to achieve change.

This is not the end of staff campaigners. There will still be a significant need for the skills and expertise of policy and campaigning staff - many of whom also bring their own experiences - and they will empower others and build the next generation of activists. That takes me to the second point - we will become enablers.

At our best, this is what we do anyway. Create a different debate, change the environment, help people to help themselves - it's a message you'll hear from Oxfam through to Scope and beyond.

I'd like to think we will see this becoming a mainstay of our charitable activities - sharing information and expertise (sometimes for a fee), supporting others to get it right.

A key part of this enabling role will be our proximity to our beneficiaries, and their communities. This brings me to my final point.

### **The power of combining national with local through federated networks**

I'm fortunate to have worked for two federated networks, Mind and Samaritans. They are part of a wider network of federated charities. From the outside, they can look inefficient, and a bit unwieldy. But look under the bonnet. How could Samaritans have upwards of 450 phone lines open for virtually nothing 24 hours a day? How can CAB provide reliable and respected advice to millions of people face to face, and how can local Minds reach out to 400,000 people every year whose mental health is struggling?

The answer is that these organisations – all so-called 'Federated charities' – combine the distinctive value of locally run organisations with the wider reach and voice of a national network. This allows them to shape national policies without losing touch with communities. This could be one model for a stronger voluntary sector over the next decade. Whenever I go to a local Mind, I'm always struck by how resilient, adaptable and evolving they are in response to a constant sea of change. It is this ability to develop that will be vitally important.



*Paul Farmer is Chief Executive of Mind*

# The voluntary sector must redefine itself around opportunities, not problems

Danny Kruger



The case for the voluntary sector – its essential value and its potential to transform society and meet Britain's fiscal challenges – have been well made elsewhere in these essays and in the introduction. Many reforms to policy and commissioning practice are necessary. But I want to suggest a handful of further changes that need to happen: changes in the culture and attitudes of the public and the sector itself.

The previous civil society minister who, somewhat rashly, said that charities should 'stick to their knitting' – i.e. doing direct work with the needy, rather than challenging the systems that give rise to need – represents a big constituency of opinion. In a sense it is a good opinion: the value of charities derives from their authentic experience, the long hours of face to face contact with people who need help; this is what we are usually paid to do and when we become 'advocates' we risk leaving our credibility behind.

But this legitimate sense that charities should keep their feet on the ground easily spills into the assumption that they should simply respond to the symptoms of social problems – rescuing victims from fires, not lobbying government to require landlords fix smoke detectors.

Perversely, one sees this attitude often in people who, in their day jobs, are accustomed to change, to strategic ambition, to moving whole markets – but who leave all that dynamism and ambition behind when they go to do 'charity'. One chairman of a charitable trust (also the boss of a global plc) told me, rather witheringly, 'we don't set out to change the world'. It's as if, for some business people, supporting charity is a hobby like gardening or watching their children play sport; something deliberately different in spirit – humbler and gentler – from the work they do in the commercial world.

It is this impoverished view of what the sector is and could be that explains why charities are so often living hand-to-mouth, thin and threadbare poor relations, peripheral to the real business of public life. Charities which play this game – especially those which go to such pains to show how little they spend on 'overheads' – are complicit in the perpetuation of an idea which is harming the sector and ultimately harms society.

We need a bolder charity sector which claims the right to have an opinion and assumes the responsibility that comes with status: the responsibility to operate professionally, to invest in management and in R&D, and to be counted among the institutions of public life.

But if the challenge to the public, including donors, is to respect the role and potential of charities, there is a challenge to charities too.

We need to fight with everything in us to avoid becoming the poverty industry. Already, simply by raising money to meet need, we are in a collusive relationship with the problems we want to fight. Adrian Mole, throwing down litter with the excuse that it keeps his uncle the dustman in work, reflects the attitude of many offenders I work with – they think that we, the support providers, need them to have problems in order to keep our jobs. Are they wrong?

They often aren't, but they could be. In youthwork, offender resettlement and other fields traditionally seen to be working with 'problem' populations, there is a growing trend away from what is called deficit-based work – fixated on the needs and failings of 'vulnerable' and 'disadvantaged' people – towards asset-based work which looks to their talents and passions, their potential not only to sort out their own lives but to make a contribution to society in general.

The asset-based approach – or what Colin Falconer at the Foyer Federation calls 'advantaged thinking' in contrast to the language of 'disadvantage' – feels to me like sunlight and fresh air breaking into a dark dank cellar. It has the potential to transform the relationship that professionals and volunteers have with their clients, who can turn from a 'beneficiary' into an agent: a piece of narrative re-scripting that, the desistance gurus say, is crucial to the decision to stop negative behaviour and make a new start.

Adopting this approach is very hard, because the pressures to confirm to the deficit model are intense. Every funding application that begins with the question 'what is the problem you are trying to solve?', every government initiative attempting to reduce this or that statistical indicator of social failure, starts you off on the wrong conversation with the people you are trying to help.

But this is the flipside to the imperative on the part of funders to take the sector seriously. We need to ask a different question to the one on the funding applications: not 'what is the problem we want to solve?' but 'where is the opportunity we want to pursue?'. When we, the sector, see our clients as colleagues in the maximisation of social value, wider society might invite us to take more responsibility for managing our common civic life.



*Danny Kruger is Chief Executive of Only Connect  
and a former speechwriter to David Cameron*

# The common good must be at the heart of charitable mission

Steve Wyler



As I look to the future of the voluntary sector, I ask myself a simple question. To what extent will it contribute to the common good?

Some people might wonder why it is necessary to ask the question. Surely all organisations within the voluntary sector exist to ‘do good’ and so by definition, must contribute to the common good? But I think that is too easy, and too self-serving, and needs to be examined a little more closely.

Common good is not a straightforward concept, and it is possible to trace at least two opposing strands of thinking, revealing a profound difference of view about how society should be organised. One originates with Plato for whom the prime virtue, Justice, could only be produced through the common good, and his ideal system of government envisaged rule by philosopher-kings using their wisdom to act justly for the good of all. Subsequently Aristotle argued that good of the community should set the direction for the lives of individuals, as a higher good than the particular goods of private persons. Cicero argued that ‘a people’ requires ‘consent to law and to a partnership for common good’<sup>1</sup>. These ideas imply an absolute form of justice, that common good is ‘utilitarian’ in the sense of producing the maximum benefit to society as a whole, and that what constitutes the common good is best determined by a social elite.

A rather different view of common good, which placed emphasis on human association and the quality of relationships between people, emerged from Christian thinking. One influential early text contained this injunction: ‘Do not by retiring apart live alone as if you were already made righteous, but come together and seek out the common good.’<sup>2</sup> Later Augustine declared that ‘love (caritas) puts the common good (communia) before individual gain (propria), not individual gain before the common good’<sup>3</sup>. For Aquinas, the common good of the political community could not be separated from the individual’s good, as the need for community is not just for some limited utility but is necessary to reach human fulfilment<sup>4</sup>. In this thinking common goods are goods precisely because they are shared, because of their intrinsic commonality.

This view became the foundation for twentieth century Catholic social teaching, which defines the common good as ‘the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully or more easily’<sup>5</sup> and which

emphasises that common goods are produced through relationships and commitments made by people and social groups to each other.

Aspects of this thinking can be found in other traditions, secular as well as religious. On the left: Robert Owen's 'villages of co-operation', in the wider co-operative movement which followed, in ideals of social solidarity advanced by early trade unionists, in twentieth century liberation and civil rights struggles. On the right: the 'little platoons' of Burkean Toryism, and Burke's ethic of common good stewardship, 'a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born.'<sup>6</sup> Recently neuroscience, behavioural economics, and positive psychology are creating an increasing body of empirical evidence that human beings are 'hard-wired' to seek meaning and fulfilment in and through relationships that create common goods<sup>7</sup>. So what are the implications for voluntary organisations today? For charities, it raises a profound question about what it means to be a charity. The term charity derives from the Latin 'caritas', as used in the Vulgate Bible, where it meant unconditional love and generosity between people ('though I bestow all my goods to feed the poor ... and have not charity, it profiteth me nothing'<sup>8</sup>). Later the word was more narrowly applied to the act of giving, and then to the institution itself. In many charities today the original radical and unconditional sense of 'caritas', so closely connected to the idea that common goods are produced through relationships and commitments between people, has become subordinated to more functional and selective questions of how to do good and for whom, and to the charity's own institutional demands and self-interest.

Similar considerations arise for other parts of the 'third sector'. For social enterprises what does it mean to be 'social'? Is it just about legal structures, or about specific 'social impacts' which an organisation can achieve, or is it more fundamentally about common goods generated by associative relationships and therefore intrinsic and necessary to a society's culture and practice?

A group of civil society organisations, supported by the Carnegie UK Trust and CCLA, has recently set out a Call to Action for the Common Good<sup>9</sup>. This Call to Action is not addressed to the voluntary sector alone, but also to public and business sectors, and suggests that common good principles are capable of application across all sectors. It points out that the common good does not happen of itself, but rather has to be made and continually remade, and proposes a national debate to stimulate people to apply the principles within their organisations and within their sphere of influence. Critically it reminds us that we are not starting from scratch, that examples of good practice do exist, and can be built upon.



As the Call to Action emphasises, the power of the common good is that it is nothing if not hopeful, not least because it implies a confidence in 'people-powered change', and the possibility of realising wider public purpose which transcends short-term self-interest. But many institutions (public, private, and voluntary) will, in practice, find this extremely difficult. The assumption that people are not capable of acting as agents of change, that others need to act on their behalf, is widespread. Transactional, command and control models of organisation have become dominant in every sector and in our political system. All attempts to go beyond narrow individual and institutional self-interest to practice common good, in its radical associative sense, would constitute a threat to business as usual, and it would be foolish to underestimate the consequent resistance.

What for example would it mean to work together for the common good? At one level it seems simple, a combination of common sense and good management. Surely it comes down to better co-operation, a reduction in 'silo' working, building alliances to tackle a shared problem? But so often this turns out to be incredibly tough going, endlessly battling against the grain of vested interests, inertia and obstruction. And hard questions emerge. Who determines priorities and purposes? How can people with different and even opposing self-interests combine in association? Will minority and unpopular groups once again be excluded? Can common good be accomplished from on high, or does it require a local people-sized community approach? The common good reveals itself as something which must be deeply contested, subjected to deliberative debate, if it is to mean anything worthwhile.

But when people really do find themselves working together for the common good it can be intensely liberating. Power and ownership and risk and reward are distributed more widely, trust and friendships are built, new forms of solidarity emerge. And at the centre of this, as Catholic social teaching asserts, is always the quality of relationships between people and the commitments they are prepared to make to each other. Like myself, you don't have to be a Catholic, or religious at all, to realise that this could be quite important.

What would happen if we were to apply the lens of the common good to some of the big challenges which society faces (austerity, the widening poverty gap, the ageing population, the decline in democratic engagement, the threat of climate change, for example)? In all these cases, if it is true that common goods can only be produced by relationships and commitments between people, then above all we will need to build and to practice new forms of association, which embrace many more people, and many more interest groups, from neighbourhood level to national level, in politics, in business, in public services, and indeed in the voluntary sector, if we are to have any hope of tackling these problems, rather than forever going for the quick fix and endlessly pushing the problems away, to someone else, or down to the next generation.

Taking up the 'Call to Action' for the common good might therefore be a means not only of re-animating the spirit of the voluntary sector, but could also perhaps provide an organising principle for society as a whole to tackle its big social challenges in more effective ways.



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<sup>1</sup>*De Republica* 1.25.39

<sup>2</sup>*Epistle of St Barnabus*, 4.10

<sup>3</sup>*Rule of St Augustine*, 5.2

<sup>4</sup>*De Regno*, 1.1

<sup>5</sup>*Gaudium et Spes*, 1965, 26.1

<sup>6</sup>*Reflections on the Revolution in France*, 1790

<sup>7</sup>For example: Martha Nussbaum, *Political Emotions*, 2013; Jonathan Haidt, *The Righteous Mind*, 2012; Matthew Lieberman, *Social: why our brains are wired to connect*, 2013; Joshua Greene, *Moral Tribes*, 2013.

<sup>8</sup>*1 Corinthians* 13

<sup>9</sup><http://www.carnegieuktrust.org.uk/publications/2014/a-call-to-action-for-the-common-good>

# Valuing the voluntary sector



**We need to unlock social capital and invest in innovation**

Kate Bagley, *Participle*



**The sector must assert its value beyond money**

Kathy Evans, *Children England*



**Our unique contribution must be respected and heard**

Chris Mould, *Trussell Trust*

# We need to unlock social capital and invest in innovation

Kate Bagley



Many in the voluntary sector, particularly community-based groups, are already doing an admirable job facilitating social action and creating social capital. At the same time, we're well aware that we need to think differently if the sector is to stay suited for purpose in changing times. So what we should really be asking is, how can we do this more effectively? While our role as a safety net is vitally important, if we are to continue to hold the respect of the communities we are a part of, it is not enough to simply pick up the pieces of shattered lives after the damage has been done. We must be more active in addressing the root causes of inequality rather than the symptoms.

We can do this by supporting people to develop their capabilities and tell their stories, as well as to connect with one another, building local networks of support. At Participle, we advocate a developmental approach, which is vital in unlocking social capital. We start by asking people what their priorities are, and as our relationships build, together we draw out their abilities and strengths, helping them take back control of their lives. This approach is aligned with the goals of the Early Action movement and Asset Based Community Development, and suggests that if we want to be more effective, we need to think and act locally.

We recognise that all of this is easier said than done. This is in part because of the structure of the current government funding system is currently getting in the way of necessary change. Some have questioned how well we can advocate for communities when government funding might seem to dictate that voluntary organisations take a certain point of view.

We need a national conversation that is framed in the everyday concerns and relationships of real people, as opposed to the target, outcomes and commissioning language common to public services. We're not there yet, but here are some things that would give us a good start to reforming our sector:

- **A new approach to measurement.** The measurement targets we see in our public services are of the same type we see in our voluntary sector funding agreements: wrongheaded. Measurement shapes the decisions made and the way in which the services are delivered for better or for worse. The Joseph Rowntree Foundation recently suggested that one of the reforms which would have the highest impact on poverty in

the UK would be a reorganisation of the incentive structure for all of the organisations working on employability, including the job centre, which would measure the earnings progression of households in poverty.<sup>1</sup> It's obvious that this would create a different incentive to measure the number of people removed from the benefits roster, a current key metric for employability services. In our work at Participle, we measure the growth of a person's capabilities. These include the capabilities to participate in structured work and learning activities, those for community contribution, health and wellbeing and, most importantly, the capability to build and sustain relationships. We believe these four capabilities are those that underpin our ability as citizens to participate in society and lead a thriving life. Our capability measures are still in development but we are leading in this area and believe a wider adoption of this framework would be a huge step in the right direction.

- **More money for innovation and experimentation, less emphasis on specific delivery targets.** As a society, we have no problem funding research and development for medical science, but we're hesitant to do it for medical services - or indeed any kind of social impact intervention. Our current funding system is very transactional: I pay you this money, you deliver me a 20 percent drop in obesity, or a 20 percent increase in school attendance. Voluntary organisations should be demanding more support for innovation and experimentation. So many of the great smaller services we're seeing are being told to become self-sustaining - a wonderful goal. Yet at the same time, we've been comfortable for a long time about pouring resources and capital into existing services which are obviously dysfunctional. Now that that option is no longer available to us, we should be embracing the moment to challenge the old system. Less money is available for public services in general. Small voluntary organisations and community groups are finding it difficult (or undesirable) to scale up. More established organisations are afraid to try new things, which they see as risky in a threatening funding environment. However, if we took the opportunity to recognise that propping up poorly designed old services is not sustainable, and instead invested in some of the great new ideas, we could make real inroads to improving our public services on the whole.
- **Longer term funding to combat contract culture and encourage collaboration and an early action mindset.** If a small voluntary organisation has a six-month funding contract, they can really only think four months ahead. This is crippling the vision and ambitions of the sector. After all, how can we expect to help people consider their goals and capabilities in the long term if it's not something we can achieve for ourselves? Furthermore, the constant search for further funding distracts us from our service delivery goals and encourages the wrong kind of competition between organisations. Certainly we want to inspire each other to reach higher and achieve more. But when

we're all fighting for survival, a territorial mindset emerges which makes collaboration far more difficult. Rather than sharing information and being receptive to different approaches, organisations start to think that they 'own' certain local areas or types of services. We shouldn't begrudge the best services their financial recognition, but thinking that one organisation or another has a right to particular funding leads to a less diverse offer in our communities and ossification among the organisational 'owner' - it's a raw deal for everyone. Finally, longer term funding would take away some of the advantage that much larger organisations have when competing for bids, evening the playing field and enabling smaller community groups to have a chance at demonstrating their worth.



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<sup>1</sup>[www.jrf.org.uk/sites/files/jrf/uk\\_without\\_poverty\\_summary.pdf](http://www.jrf.org.uk/sites/files/jrf/uk_without_poverty_summary.pdf) pg 27

# The voluntary sector must assert its value beyond money

Kathy Evans



*“Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things. Our Gross National Product..... counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities..*

*Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials.*

*It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile.”*

**Robert Kennedy 1968**

My challenge for the voluntary sector over the next decade is to find a new relationship with money. I don't mean that money doesn't matter at all in what we do, but I believe as a sector we have allowed it to dominate, distort and distract us from our greatest economic role – the creation of value beyond money.

Long before I ever entered an economics classroom my father taught me something about money. “Remember that money has no value in itself. It's just something we invented to let us do things. It's not for worshipping or stockpiling, you can't eat it or read it. The only value it has is the value you place on what you could spend it on.” Paying a price for something you don't like much will feel expensive, he went on to explain, but the same amount spent on something you treasure will feel like a bargain. Their price is the same but their value is different. Value is a feeling, not a fact. That week his insight helped me to choose between buying sweets or colouring pens, but it's a perspective that has remained with me ever since.

In today's society, where the price of one person's designer handbag could pay six months' rent for a whole family in the same country, surely we cannot doubt that the value of money is subjective, and relative to how much of it you have – a matter of personal judgment at the individual level, and political judgment at the collective level. When government is willing to give millions in guaranteed profit to giant private contracting companies and yet routinely casts voluntary sector grants as 'handouts' we should be in no doubt that their spending decisions are value judgments about their recipients.

Charities today are routinely compared with commercial business or public services. We should apparently be more like one or both of them, less like ourselves. Sometimes comparisons are favourable, sometimes not. More often they are just wholly inappropriate. More than half of England's 60,000 children's voluntary groups have no paid members of staff. Nine in ten support families in just one neighbourhood; few aim to expand in turnover or beyond their locality. They offer their communities many of the things in life that Bobby Kennedy referred to as the things that "*make life worthwhile*," of which money, GDP, and claims of economic recovery take no account – fun, poetry, pride, sanctuary, solace, voice, confidence, integrity, freedom from loneliness. Most people actively involved in the voluntary sector feel it offers them personally, as well as their community, society and economy a kind of value beyond money, usually expressed in terms of their feelings. Yet to quantify what we've come to call our 'added value' we talk in pounds and pence – the money we raise, the hypothetical paid equivalent of volunteers' time, the money we might be saving others by helping people in need. How did our sector come to be so defined, and yet so poorly described, by money instead of feelings?

For over 30 years, the competitive public marketplace has set one charity against another, pitted them against private and public competitors, and claimed to offer a level playing field to all, based on ability to deliver more [value] for less [money]. The industry of assessing 'value for money' offers the tantalizing fallacy that value is an objective measure, a neutral science that can be applied in spending the nation's money without such undesirable or untrustworthy things as political ideology or personal judgments. Yet, this idea is itself an import from business and measuring the voluntary sector using the values framework of another has wrought havoc on its ecosystem, even for those uninterested or unable to bid for public contracts.

Looking forward, however, the contracting marketplace is rapidly looking like yesterday's inadequate answer to tomorrow's public spending problems. We have already started to see the advent of invitations to tender for public service contracts so underpriced for what's being asked, so onerous in terms of transferred risk and liabilities, or so complex in terms of payment mechanisms, that nobody – neither voluntary nor private sector – is actually tendering for them. Dangling offers of money, and asking bidders to jump through costly hoops to get it, simply won't continue to work if bidders feel there is more risk than value in taking the money on offer.

Voluntary agencies who are asked to subsidise contracts they bid for with their charitable assets, volunteer capacity and donor funds are now seeing some of their best known private sector competitors walk away mid-contract from public service delivery that is proving unprofitable, making clear (if there were any doubt) that they expect to take private profit from other public contracts they win. So the voluntary sector is being contracted to give, the private sector contracted to take. The level playing field is a sloping



pitch. Charities who remain committed in future to offer their resources to support the state in the delivery of public services would be wise to argue for radically different terms, coming to the table as partners and investors in services alongside the public sector, rather than paying to be treated as interchangeable contractors.

Children England launched the *Declaration of Interdependence* earlier this year in the Financial Times, produced in partnership with the TUC and a wide range of voluntary sector bodies and trades unions, in the belief that both public and voluntary sectors must urgently move beyond price-driven contracting, stop fighting short term battles for our separate organisational interests, and pool our resources to build sustainable community services. With the first local authority joining its growing list of endorsements, it seems we are not alone in seeing the writing on the wall for 'business as usual' in the outsourcing and procurement of public services.

If we simply accept that the test of our worth is to do whatever it takes to survive in a financial Hunger Games, we sell ourselves short and devalue our currency. We have the capacity to act as a 'currency converter' between what the economist Edgar Cahn calls the 'core economy' of family, friendship and community, and the 'cash economy' where everyone and everything must be paid for. As a sector we can generate money out of economic thin air, out of people's used books and clothes, their parties and performances, their sporting endeavours, their creative talents. We can turn the feelings that motivate their giving - love, solidarity, reciprocity, even anger and frustration - into hard assets in the cash economy with which we create jobs, pay taxes, and raise budgets that can add to the capacity of the public purse. But that currency conversion can't happen if we operate like burger retailers competing for market share. No-one ever ran a marathon to raise funds to boost Burger King's bottom line.

Currency conversion can work the other way too of course. When we do get cash from government we can use it to build and strengthen social currency in the core economy, to stimulate vast fabrics of human cooperation and creativity that no other sector could create for any amount of money. But that currency conversion can't happen if we're tied into contracts to engineer social outcomes that are so tightly specified and monitored that we morph into professional bureaucrats just to manage them.

To a cash economy up to its eyeballs in debt, and to politicians with tough value judgments ahead about how to spend public money, what our sector can do is nothing short of economic magic. If we're smart we'll stop selling ourselves on the basis of our competitive value for money. If they're smart they'll realise that what we *can* do is not just a bargain, it is priceless.



*Kathy Evans is Chief Executive of Children England*

# Our unique contribution must be respected and heard

Chris Mould



Early in 2004 the Trussell Trust trustees squared up to a profound challenge. The decisions they took then have had extraordinary consequences in the ten years that followed.

The Trussell Trust is a community based charity tackling poverty through practical projects. In response to growing evidence that local people in financial crisis in Salisbury were going hungry and that the welfare state was not working well enough, the charity designed and piloted the foodbank. This is a project that provides at least three days of nutritionally balanced emergency food to people in crisis who are referred by voucher holders whose professional work in health, social services and care brings them in touch with people in need. All the food provided is donated by the local community: nothing is bought. The majority of the foodbank team are volunteers, with just a few employed staff. Back to 2004. Three years into the pilot, a structured evaluation demonstrated that the need was genuine and the project highly effective. The Salisbury foodbank prevented crime, family breakdown, housing loss, mental and physical ill health. It had changed the way local statutory and voluntary services responded to people in crisis and it wasn't only helping people out of trouble. It was saving some local services money.

The trustees' challenge was simply this: if Salisbury needs a foodbank, every town in the UK should have one. So, we set about replication, choosing to model our approach closely on the rigour, structure and experience of commercial franchising without the margin generating financials.

Ten years on, the Trussell Trust has launched over 430 Trussell Trust foodbanks. People in crisis can get help from a Trussell Trust foodbank in over 1,200 locations right across the UK. Almost 30,000 care professionals, half of them in the statutory sector, hold Trussell Trust foodbank vouchers. Tens of thousands of local people volunteer regularly for their local Trussell Trust foodbank. Well over 90 percent of the food is still donated by local communities. The charity estimates that the foodbank network received over 11 million donations of food in 2013, mobilising at least 4 million individual citizens, both adults and children. Each of these people consciously deciding to take action to help a neighbour in trouble. The Trussell Trust foodbank network is supported formally by at least 12,000 churches and over 8,000 schools. Most important of all, Trussell Trust foodbanks provided emergency food for over 900,000 adults and children in crisis during 2013 and the volume of clients has not declined in 2014.

From the outset the Trussell Trust has taken great care with design. Foodbanks are designed to complement what statutory agencies and other partners can provide. We map what else is out there. We work hard on the accessibility and responsiveness of our services because we want to prevent people's crises leading to avoidable escalation. Foodbanks support the services provided by the State: they are never designed as a substitute.

Precisely because Trussell Trust foodbanks are not statutory, foodbanks can achieve an impact other more formal services cannot. Clients tell us again and again, "this is the first place we haven't felt judged." They disclose underlying issues to the volunteers they meet in the foodbank, often things they have not told statutory services. The foodbank volunteers are carefully trained to signpost people they are helping to other local services, organising referrals where that's appropriate. That's why such a high proportion of foodbank clients do not need to return to foodbanks repeatedly and why the service with its rule of no more than three vouchers in six months works without creating dependency.

The impact Trussell Trust foodbanks have is not marginal. Their preventative contribution to individual and societal welfare is substantial. The financial sums are large: for example, when a family is driven by financial crisis into statutory homelessness the costs to the State escalate hugely.

Trussell Trust foodbanks save the State money. They are unlocking and harnessing huge social capital at local level. But it is all very delicately balanced. Donors of time, money and food, donate precisely because Trussell Trust foodbanks are not government-funded and precisely because the foodbank model enables concerned individuals to engage in a very tangible way in helping solve a local problem that bothers them profoundly.

Here's the dilemma: the government needs foodbanks but it can't buy what they offer. If it were to try, it could so easily see the positive outcomes it was trying to commission slip through its fingers. There's a delicate eco-system that has to be respected. Trussell Trust foodbanks don't cost very much. That's because so much of the time and all the food involved has been donated. Commission the service, apply performance targets and output or outcome measures and the public will justifiably cry foul: government trying to get something on the cheap, taking advantage of donors' generosity.

'Merciful', 'non-judgemental', 'believing in you', are not phrases anyone would commonly associate with state social security provision. And, maybe, we should not expect to be able to make the links? Voluntary organisations can justifiably occupy a different and complementary space.

There's a foodbank in the North West that's launched its own local organisation, Next Steps, to help jobless people who are referred to the foodbank to find their way back into work. Next Steps has become part of the sign-posting, but in this case the partner service is on site. I recently asked two clients of Next Steps if they also had help from

the government-commissioned Work Programme provider. Yes, they said, but the difference, they told me, is simply this: the Work Programme, people “aren’t really interested in us. They just want to tell us what to do and make sure we go through their hoops. The Next Steps people are interested in us. They ask us what we want to do and help us make it happen.”

The Trussell Trust experience over the past decade has been incredibly, heart-warmingly rich. Voluntarism has not passed its sell by date. Ordinary people have huge hearts. Many are mind-blowingly generous. Belonging to a local community and helping neighbours in trouble are ideas that mean a great deal to most people. Most will respond positively if they are given a positive, easy-to-use opportunity to act.

Looking forward, what might we want to see in the future relationship between government and voluntary sector?

First and foremost, respect. Too often government, both local and national, more particularly policy people as opposed to practitioners, have condescension as their default setting. Effective voluntary organisations have something very important to contribute to the shaping of the policy framework that governs how the eco-systems we are involved in operate. We can play as equal partners. The prevailing assumption should be that our contribution will carry weight: period. Our influence should not be vulnerable to selective filtering by policy makers who decide when and where to give us voice. The balance of power needs to change. We face the consequences of state-provided services failing, sometimes we put right the problems state-provided services have caused. We have a mutually shared interest in seeing public services improved, over-simplistic policy assumptions challenged and fewer citizens in trouble. To exercise that interest we need an equal place at the table.

Next, infrastructure support. The state should make the context as friendly as possible for well-designed well-evaluated voluntary projects and programmes. The commissioning culture has not helped. We need to see the re-emergence of creative local grant making and local risk taking. We need to see questions being asked nationally about how taxation, governance frameworks and asset usage could be re-worked to stimulate the emergence and the growth of sustainable, effective voluntary initiatives.

And, finally we need genuine collaboration between the voluntary sector and the state on the creation of effective, scalable solutions to societal problems. This requires a new framework and a move away from the set-piece world of carefully commissioned research and over-managed consultative processes.



*Chris Mould is the Chair of the Trussell Trust and has been involved in the development of the Foodbank network since 2004*

# Strengthening communities



**Local Authorities must move from being 'gatekeepers' to 'facilitators'**

Richard Bridge, *Community Matters*



**We must focus on prevention and local, person-focussed needs**

Joanna Holmes, *Barton Hill Settlement and Panel on the Independence of the Voluntary Sector*



**Small is beautiful and it needs more recognition and support**

Judy Robinson, *Involve Yorks and Humber*



**Time for a rebirth of civil society in every community**

John Tizard, *NAVCA and independent adviser and commentator*



**Community groups must take risks, use their voice and access new funding**

Michael Zisser, *International Federation of Settlements and Community Centers and University Settlement Society of New York and the Door*

# Local Authorities must move from being ‘gatekeepers’ to ‘facilitators’

Richard Bridge



Whether it is under the rubric of the ‘Cooperative’, the ‘Enabling’, or the ‘Commissioning’ Council (to name but a few of the tags), local government is having to re-imagine itself, challenging its own old and received notions of what it should do and what it should not do. At its best this should lead to the shedding of the traditional (and destructive) ‘Gatekeeper’ mentality and its essential replacement with one of ‘Facilitator’.

Localism, whether called the ‘Big Society’ (Conservative) or ‘People Powered Services’ (Labour), is here to stay driven by both policy and economics. With this comes the need for councils to build or re-build, new, better, more equal and more productive partnerships with their local community sector in order to design more apposite, cost-effective, and productive services (co-design), and to explore new ways of delivering (co-production) better outcomes for the communities both serve.

But before councils can complete this 10 year revolution (and we are only at about year 3 or 4 in that turnaround), both sides still need to get right some fundamentals about how they treat each other.

So, based upon our national experience at Community Matters and on my own personal experience as a volunteer in the borough where I live, here are six fundamentals (three for councils and three for the community sector) that are key to achieving better, more productive outcomes for our neighbourhoods and communities.

## Local Authorities

**1. Treat the community sector as you would expect to be treated: “All I’m askin’ is for a little respect.”** As Aretha sang, most of us need ‘just a little bit’ of respect from the other party if a relationship is to work. Too often the day to day practice of councils in dealing with the community sector undercuts and belies their rhetoric and ambitions. As a local resident and chair of the community forum for our neighbourhood, I and 11 other chairs of other local community forums across the borough, turned out on a Saturday recently for an Away Day at which we were due to negotiate and agree with the council (as our co-commissioners) overarching outcomes for the next two years for our community engagement work. The meeting was the first step in an agreed process as per our cabinet approved commissioning framework. We had asked the council to

choose the date for the Away Day to accommodate their availability and had given over two months' notice. We had invited the three relevant cabinet members, all four of the new Commissioning Directors, and the relevant senior staff from the delivery side (again as per the commissioning framework). On the day, NOT ONE turned up! And this from a council that sees itself as in the forefront of change and evolving a new relationship with communities.

**2. Stop trying to control everything and respect the community sector's independence: if you transfer responsibility you transfer power.** Too often councils try to transfer the former but keep the latter. Community Matters provides a free review service of leases, heads of terms, and occupation licences being presented by councils to our members. Over the past year we have reviewed or provided advice on over 80 issued by councils from South Tyneside to Southampton, and from Basildon to Bristol. Time and again we find the same attempts by councils to use these documents (which should only deal with the rights and responsibilities of occupying a building) to control the day to day operation of the independent community group in general. Common egregious clauses are ones which specify the opening times of a building (an entirely operational matter on which the council has given up the power to decide when they choose to give up running the building), rights to break the lease if certain specified service outcomes and outputs are not achieved (nothing to do with rights and responsibilities of occupying a building; put them in a service level agreement to run alongside), and clauses which require the community group to seek council permission before changing their governing document – in this latter case the council is thereby actually requiring the trustees of a charity to break their legal statutory duty to maintain the independence of the charity from all outside, and especially from political interference!

In truth a lot of this kind of behaviour by councils is rooted in fear, especially fear of risk. Councils will not achieve the necessary transformation from 'Gatekeeper' to 'Facilitator' unless they learn to be more risk aware and less risk averse.

**3. Value local differences and accept 'postcode choice;' variety is the spice of life.** Different neighbourhoods have different assets (people, buildings, finances, histories, community groups) and different challenges. If councils wish to achieve better and more efficient outcomes for the communities they serve, they need to appreciate and value these differences and be prepared to work in different ways with different areas. Uniformity does not equal fairness, and insisting on a one size fits all approach which doesn't listen to the specificity of a given community's energy and passion will only dissipate that passion and energy to the loss of all.

## Community Groups

The community sector too has old habits and bad practices which they need to move on from if they are to help realise better, more productive relationships with their local council.

**1. Stand up for your own independence (You don't have to say yes).** The community sector's independence is one of its greatest assets, for itself, for the communities it serves, and indeed for the council. It will not help either party if in the rush to find funding community groups are seen to become creatures of the council. If the lease you are being offered is overly onerous, especially given the condition the building is in, then you don't have to sign (though you may lose the building sadly). If the contract for service being offered to you is too under-funded to be realistic then you don't have to take it. A respectful and productive relationship must include the ability of either party to walk away or dissent.

**2. Don't be trapped by the past (let bygones be bygones).** It can be very hard for both councils and community groups to move beyond past experience and previous mutual history. Yet if we cannot do this, and recognise that both sides are trying to (in most cases) really change, then it is difficult to see us ever getting to a better place.

One council embarked on a programme over a six month period where they publicly acknowledged previous failings in a specific area. The cabinet member and the senior officer had some uncomfortable meetings, but once the tour was done, it did indeed open a new preparedness of community groups to re-engage with the council and embark on important and ambitious new plans.

Where councils do make an effort to admit past mistakes in order to clear the decks for a new start, then the community sector needs to reciprocate, take them at their word, and try to find the optimism and positivity to move forward in hope rather than cynicism.

**3. Show more pro-active leadership: turkeys don't vote for Christmas.** Never have and never will. Whatever may be the stated ambitions, it flies in the face of all experience that organisations such as councils will willingly give up or devolve power. The 'Gatekeeper' mentality is deeply entrenched in the corporate soul of councils and truly infusing a new 'Facilitator' mentality instead will take time and real effort – even for those councils self-consciously committed to making such a change. Indeed I believe that to truly make this change councils need strong community activists, equally committed to this long-term change, who are prepared to 'pull' power from their council and to help the council learn new habits of behaviour. If you don't ask you don't get. We get the councils we are prepared to settle for. If we want our councils to change we need to commit to helping that change happen.



To return to my first example, where none of the expected senior officers or members turned up for that Away Day, in the end we did not all simply get up and leave the meeting. We decided instead that we would press ahead with the day's work, draft the outcomes anyway, and then write to the council, expressing our annoyance at how they had treated us but nonetheless sending them the outcomes and asking for a second meeting at which they could be agreed.

If we really want to improve and change for the better the communities in which we live, both sides need to pay more attention to building mutually respectful, trusting, and supportive relationships. It can be done; it is being done up and down the country every day; but not enough yet.



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# We must focus on prevention and local, person-focussed needs

Joanna Holmes



Independence is acutely topical and it's a good time for the voluntary and community sector to think about it with a sense of urgency. As in the Scottish situation, independence from who and what is key to thinking about shifting tactics to ensure independent thought and action. Rallying together and with local authorities around evidence based approaches to sector specific strengths of meeting local, person focussed needs will improve the results of local services and also rebuild confidence and means to publicise the distinctive nature of our work. It tackles the recently contentious subject of campaigning in a positive way. Widening our sights to the world outside the public sector outsourcing and welfare cuts arena creates opportunities for new ways of delivering and funding activities. Many people who are not traditionally part of the sector are busily engaged in this work and are natural allies in building a fairer more inclusive society.

Turbulence caused by local authority public service cuts over the last year has created a crisis for our independence at the same time as new opportunities for the voluntary and community sector. The local authority has often been the agency which smaller voluntary sector organisations have tried to be independent from. Central government driven public sector austerity measures and welfare changes have challenged the role of the local authority. Some authorities or individual officers have responded by looking for new ways of doing things and are turning to our sector for ideas.

Across many public sector bodies there is an understanding that cuts to services, made in haste and with the false assumption it was for a limited period until 'business as normal' resumed, have led to an unsustainable focus on tackling highest and crisis levels of need. Many are realising that prevention and early intervention needs to be back on the agenda. This is the opportunity for many locally based organisations with long term and trusted local relationships to demonstrate the role they can play. Much has been written about service design and commissioning in this context and *Saving money by doing the right thing – why 'local by default' must replace 'diseconomies of scale'* jointly produced by Vanguard Consulting and Locality,<sup>1</sup> says it all. Campaigning nationally behind this argument and in partnership with others such as local authorities strengthens the independence of our sector.

Our independence will be strengthened by advocating for services which meet people's needs and genuinely play an empowering role in people's lives. The threat to independence comes when desperation for funding drives organisations to take contracts which involve conducting layers of assessment which prevent people getting services until they are in crisis and undermines the sectors ability to meet local need effectively.

Voluntary and community sector organisations have the ability to be quick to provide solutions when local authorities are drowning in the pressure of cutting back services and desperate for suggestions which do not involve lengthy, expensive and often disastrous commissioning processes. Co-design of grant funded services around local needs is a positive example.

The risks to independence as well as capacity, reputation and costs of taking on commissioned services are too high for many local voluntary and community sector organisations. 'Success' often means running an underfunded, highly specified, outcomes based service which will be tendered out again in a short time. The additional danger of losing all locally trained and developed staff who have long relationships with the local area and its people, at the end of the contract, is a form of sector asset stripping.

Rallying behind strong evidence based arguments in the Vanguard/ Locality report also mitigates the current competition between organisations who may have previously lobbied together. A focus on what we are trying to achieve together also helps to avoid the confusion in local areas caused by the constantly changing status and presence of organisations which come and go, statutory services becoming quasi independent trusts and many public sector and voluntary sector organisations which are also beginning to come and go because of funding cuts. Opportunities in the confusion will be created by strong independent organisations with alliances across sectors locally, as well as nationally provided it is to 'do the right thing' for and with communities.

The public services debate is not the only one for locally based organisations. Many have never provided them and have worked in the gaps left by public services or on other issues. The importance of these activities which are often much needed and or highly inventive has been marginalised and overlooked in the context of outsourcing public sector contracts. An opportunity is to look much more widely at what we are trying to achieve, seeing if we can do it differently and to look at examples of how financing has been achieved in this country and internationally.

There are many young not for profit and for profit companies working in digital and environmental fields, for example, which are doing things in ways we can learn from. Crowd sourcing techniques and community shares are the tip of the iceberg in generating funds from much wider sources. The challenge is to avoid becoming so absorbed in

government led agendas such as commissioning of services that we take our eyes from the ambitions we have for the people we are here to work with and the possibilities of tackling issues together in different ways.

We are operating in a time when independence is under severe threat. Being conscious of valuing it, understanding what it means to us and acting together strengthens the case for the sector. We are moving towards a different sort of state which is certainly not a welfare state anymore and so working with others from different sectors and with similar goals also strengthens us, being independent means being able to change alliances and relationships in order to achieve long term goals. The fight for Scottish independence shows that bringing the subject of independence into the open creates platforms for new voices to shape and influence the kind of civil society more people can see themselves as part of.



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<sup>1</sup>[locality.org.uk/news/diseconomies-scale/](http://locality.org.uk/news/diseconomies-scale/)

# Small is beautiful and it needs more recognition and support

Judy Robinson



Small may be beautiful but, in the voluntary sector, it is running on empty and must get more recognition and support over the next decade.

We know from our own research across the Yorkshire and Humber voluntary sector<sup>1</sup> and from NCVO's *Civil Society Almanac*,<sup>2</sup> that it is smaller organisations with a few staff that are most vulnerable to closure. Many are using up reserves to survive and many have none. Infrastructure too is affected by cuts - both generalist organisations and specialists such as faith forums or equality networks. Of course, these are trends and there are examples of thriving smaller organisations. But the trend is clear.

I think this matters for a number of reasons. Smaller groups provide services that meet need in effective ways. They are connected to their locality and they know it because they are part of it. This means that their work is trusted and it meets real needs drawn from insightful intelligence. They can attract volunteers and local resources because people can see the connection with a social good.

Smaller organisations provide an independent voice, too, about their locality, and local infrastructure has the ability to link up different players for both practical actions and co-ordinate feed back on what works to policy makers and practitioners. And all this saves money because it reduces the use of costly acute health services, mental health admissions and creates social capital - connections, cohesion and community capacity.

Think of the project working with new mums suffering post-natal depression. One mental health admission costs the same as the project's work with 120 mums. Think of the voluntary sector infrastructure initiative that brokers and pays for befriending, community transport and leisure activity for people leaving hospital from small local charities. It helps hospital leavers stay well; it saves the hospital huge amounts of money and it supports local charities to do what they are best at without contracting bureaucracy.

These small groups are important outside (public) service provision because they engage people, combat loneliness and provide opportunities for getting involved in a community. Often it is the local choir, the community centre or the rambling group which is the best way to tackle the causes of isolation and ill health. And it is this engagement and trust that small groups engender that has deserted so much of our politics.

How is it, that with all these positives, smaller organisations are under threat? The scale up, roll out, economies of scale proponents - in and outside the sector - have not helped. They have enhanced and promoted their contract winning role with, seemingly, not much regard for the wider impacts on the local voluntary sector or for the subtle web of connections that create community and social capital.

What seems to happen is that the work of small projects is praised for its effectiveness. But we are not able to translate this into programmes that value – in every sense - these organisations without creating scale up regimes (big contracts, bidding processes requiring professional contract managers) that then destroy the very qualities that made local provision effective. Locality's report on the diseconomies of scale says this well.<sup>3</sup> The big service charities, eager to win contracts, can become predatory too, knocking out or under valuing the small, local group.

It isn't just small voluntary groups under threat. Local authorities are being transformed as a result of two changes. The first is the impact of cuts of funding from central government and the ending of things such as area based programmes. These have impacted on local authorities in disadvantaged areas, especially in the north and the poorer London boroughs. Budget cuts - if they continue - will amount to two thirds of some local authority's budgets. This means that discretionary funding of small groups is hit hard. Local authorities and health bodies have been important funders for some smaller organisations and the best operated in partnership with the voluntary and community sector to set the framework for engagement and involvement.

The second change is also significant and it is the creation of Combined Authorities, Local Enterprise Partnerships and other arrangements which operate across traditional local authority boundaries. Local government will look very different from 5 years ago. Now, even a small organisation in one district will have to navigate the complex and fragmented geographies of agencies and authorities - the Local Enterprise Partnership (LEP), Police Commissioner, the Clinical Commissioning Group, the local authority - all with different geographies.

Of course the real economy works across local authority boundaries, as do communities of interest, yet the local voluntary and community sector has reduced capacity to represent itself and the needs of its beneficiaries in the structures that are developing.

Three changes are needed to better support the contribution of smaller voluntary and community organisations and help them retain their independence.

First, there needs to be a culture change about how we organise public services and respond to need - is outsourcing, privatisation and withdrawal the only show in town? Too often the institutions of government at every level do not reflect their populations or listen to them. They need civil society organisations, which are trusted and known, as partners and friends with resources of creativity and involvement that speak to people. It

is here that smaller voluntary organisations are critical because they are a way to unlock the assets of communities and create a new sort of welfare state with real shifts in power. And LEPs or local authorities cannot make this change alone - austerity has seen to that.

Second, resources are important but might be deployed more strategically. Some charitable foundations and others could play a more strategic role to help the small organisations sector, and associated infrastructure, to navigate these environmental shifts. The understandable desire (and sometimes the restrictions of trusts) to fund front line delivery with direct beneficiaries may be at the expense of supporting the health of a whole level of activity. Infrastructure must not be neglected because it is key to helping the sector plot a route through choppy waters.

Third, policies and government still matter. Government could work with the voluntary and community sector, local government and NHS to set out a policy framework about the support and role of the voluntary sector, including small local organisations, in key policy areas. It could create a resource to ensure a minimum level of voluntary sector infrastructure in each region - an anchor organisation - and incentivising other agencies to match this, similar to arts funding. It could encourage and incentivise co-production and co-design between local authorities and the local voluntary and community sector so that public services stay local, democratic and build the assets of communities. Would this be costly? I think the savings made by having better health and well-being would outweigh initial costs.

The voluntary sector itself and its leadership will have to face up to whether we can articulate better some sense of being one sector with common roots and values linked to social solidarity - and how this changes behaviours and attitudes.

Social democracy in the twenty-first century needs many voices. Small voluntary organisations embody the idea that people organising in their own community are a force for good. Their independent voices informed by a kaleidoscope of experience and the connection they bring to individuals and to communities is a distinctive value that has the capacity to enliven social democracy and bring new ideas about what sort of society we want.



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<sup>1</sup>*Third Sector Trends in Yorkshire and Humber Involve Yorkshire & Humber 2014*

<sup>2</sup>*NCVO UK Civil Society Almanac 2014*

<sup>3</sup>*Saving Money by Doing the Right Thing Locality 2014*

# Time for a rebirth of civil society in every community

John Tizard



Contemporary economic, social, political and constitutional conditions demand a new types of economics, public policy and political activity – and, I suggest, a new constitutional settlement – and civil society ought to be at the heart of any new settlement and at the heart of every community.

The timing is right, given that decentralisation of power and (albeit shrunken) resources is likely to progress at an ever-accelerating pace over the next few years. Consequently, I foresee an increasing focus on localism.

Public expenditure is not going to grow and even were it to do so, will most certainly not grow sufficiently to match the growth in demand for public services arising from demographic change, technological innovation, rising public expectations and the impact of the very austerity, economic and political programmes that are constraining and cutting the very same public expenditure.

At a local level, the challenge for democratic local government is to demonstrate 'leadership' and practice 'place shaping' - to prove its resilience, exhibit an innovative culture and a willingness to collaborate to secure hope, enhanced opportunities and improving well-being for local people and their communities. This collaborative approach has to include all of the public sector organisations operating in the area, local businesses, faith groups, and the voluntary and community sector. It will also require collaboration between local authorities and across sub-regions.

Strong communities, strong local economies and strong local democracy all require strong partnerships between local authorities and these other local bodies, and in particular the voluntary and community sector.

Reliance on neo-liberal economic and political platforms or on exclusive state and public sector solutions have been consistently demonstrated as inadequate to meet contemporary challenges.

Rather, what is needed is an effective civil society that fills the space between the state and the individual, forms a public space that is not dominated by markets or the state but is filled by a range of voluntary groups, community associations, charities, faith groups, trade unions and friendly societies. It is possible to create such a space – and it is what constitutes and is called a vibrant civil society.



Fostering civil society and its open space does not and will not diminish the role and importance of democratic government. Actually, it can enhance it and enable local authorities to fulfil their wider leadership of place responsibilities. Indeed, local government can and should play in this space too. It should not seek to control it but should facilitate, support and create the conditions that will enable civil society to flourish in its local area. This means that councils and councillors have to be ready to share and let go of power and resources; to invest in building local community and voluntary sector capacity; and to listen and explain. It requires a little bit of humility – and it means keeping egos in check.

The relationship between local government and the voluntary and community sector has to be one of mutual trust and respect, and openness. There has to be a genuine willingness to work together for the greater good of the community and individuals. Local government and the voluntary and community sectors are different, with their own roles and accountabilities. They cannot be substitutes for each other. However, when they collaborate, and collaborate effectively, local people and communities can and do benefit significantly.

After all, local authorities and the local voluntary and community sector seek to promote the interests of the same communities and citizens, and often they provide services to the same communities and citizens.

I believe that it is a grave and short-sighted error for local government to see the voluntary and community sector simply as service providers. Such an approach ignores history and reality. Rather, the voluntary and community sector is also a source of ideas, a voice for communities (often comprising some of the most marginalised members of society), and fundamental to strong resilient communities. The voluntary and community sector has the capacity to energise and motivate communities, stimulate community based social action and address some of the most challenging social issues. The sector has a right and a duty to speak up for its communities and beneficiaries, to challenge the public sector where necessary and to maintain its independence. Local government should respect this and avoid wittingly or unwittingly undermining and violating the rights and independence of the voluntary and community sector.

Over the past few years, as local authorities have been forced to make difficult expenditure decisions, relations with their local voluntary and community sector have often become strained - and sometimes they have completely broken down. This is deeply regrettable and should have been avoided. Where relations are broken they need to be rebuilt with urgency. And this rebuilding is not just about simply spending more money on or with the sector; for as I have argued in this essay, to be truly effective, the relationship has to be much more than a commercial or financial one.

I suggest some critical actions and commitments that local authorities and their local voluntary and community sector should consider for the benefit of local communities and local people, including:

- having an open and frank dialogue based on trust and respect
- sharing their ambitions, experience and challenges
- agreeing to lobby central government and political parties jointly on issues such as local government funding cuts, economic growth strategies and opportunities for further decentralisation and localism
- recognising the importance of publicly funded (and often publicly managed) public services and their contribution to social justice and economic growth.

And, specifically, local authorities should:

- recognise and respect voluntary and community groups as legitimate sources of voice for communities, ideas and solutions; and as key members of the local civil society
- involve the voluntary and community sector in strategic planning, resource and budget decisions and strategic commissioning
- explore new and innovative ways of delivering public services designed 'with', rather than 'imposed' through competitive procurement on the voluntary and community sector
- use public procurement to drive social value, and adopt commissioning and procurement practices that enable local voluntary and community groups to participate in service delivery with realistic contract terms
- help build and invest in the capacity of the sector
- not expect the sector to pick up services that are deemed to be the responsibility of the state without adequate funding and then only on a voluntary basis – and respect those organisations that do not wish to deliver public services
- recognise, value and respect the voice and independence of the sector even when and if in receipt of public money
- seek to ensure that the wider public sector adopts similar behaviours and practices.

Over the next few years, there will be significant shifts in power between the centre (Whitehall) and localities and sub-regions. There needs to be a shift too of resources and power from town halls to communities. However, the shifts and changes that we are likely to experience are going to be about political power as much as legal and financial powers. It also has to be about building and nurturing civil society, and the community and voluntary sector has to be at the heart of these shifts. It must not rely on central or local government to 'give this all on a plate' or to wait for the crumbs from the local authority table.

The voluntary and community sector has to seize the opportunity, step up and take control of its own destiny and be at the heart of a renewed and effective local civil society. It does not have to wait to be asked and should initiate dialogue and action. This requires firm resolution and above all, confidence. I suggest that an absolute and unremitting focus on the sector's mission and values, and on the needs and aspirations of beneficiaries and communities are vital to growing, underpinning and maintaining such confidence.

If we are to experience a post-austerity drive towards social justice, fairness, equality, opportunity and democratic renewal; if decentralisation is to be about more than bureaucratic relocation and/or more quangos; and if we truly aspire to replace despair, fear and anger with hope and confidence – then an empowered and energised local civil society involving local government, the voluntary and community sector, trade unions, local businesses, faith groups and others will be essential.

In spite of the horrors and pain of austerity, I do believe that the next few years have the potential to provide a new sense of purpose and opportunity for a confident, values-based (and driven) voluntary and community sector at the heart of a renewed community based civil society.



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# Community groups must take risks, use their voice and access new funding

Michael Zisser



There's considerable influence and opportunity ahead for community based organisations, should they choose to take more risks, use their power and explore new relationships with funders and others.

Local empowerment and self-responsibility are key descriptive terms for how the voluntary non-profit sector now characterizes itself, but to limit creative thinking to this construct may be missing several other emerging factors. I would like to address briefly four potential important factors, as much to provoke thought about their value as to suggest that these will have increasing influence on our work and our relationships with the private and public sectors. A slight United States bias may be apparent given my role as Chief Executive Officer of a settlement house and a youth development agency located in New York City, but I have been greatly influenced by what I hear and learn from my peers in the International Federation of Settlements and Community Centers (IFS). This Federation, representing more than 3000 members across five continents, serves primarily as a means for communicating and exchanging ideas, best practices and expertise, as well as unifying our values and voices around issues common to us all.

The first factor is an acknowledgement that in the next ten or so years, we will see the largest transfer of wealth from one generation to another ever recorded, a by-product of the baby boomer success stories. This phenomenon has recently been well articulated by Thomas Piketty, and though it may be an aberration in historical terms, it will still have enormous impact. What will the "new" wealthy do with the money being passed on to them, controlled either through family foundations or trusts or under their individual control? These people, or Boards, may perhaps have new agendas, new causes, new fights they wish to undertake, new means for calculating distributions, which may differ considerably from the sources with which we are now familiar and deal with on a regular basis. The scale will certainly exceed what we now think of as the traditional well established sources of private money. Some will fund international health issues (e.g. Bloomberg), or educational reform (e.g. Gates), or conservative political agendas (the Koch brothers), and some will focus on more small scale, very personal, even obscure areas of interest. Our sector will have to figure out how to access these new resources, how to engage the new generation of donors, how to influence the use of this money, and how to collaborate with the private wealth sector in ways that are challenging and

a bit scary. I am not suggesting that private wealth will make up for a decrease in public financial commitment, but it certainly has ever increasing leveraging power and will play a key role in innovative programming and risk taking. As in the past, these funds frequently create the social experiments and innovations which eventually shape public policies. In countries where private wealth has been a less relevant factor, get ready! The ground rules are changing. The new wealth may be the foundation for incredible partnerships which will stretch our collective imagination.

Speaking of risk taking, the second factor suggests that organisations must...irrespective of their current funding....be willing to take more risks in how they operate administratively, what issues they will tackle, what relationships they will have with the people they work with and serve, and how they connect to the public and private sectors. Risk-taking may lead to failures or long term successes, danger to organisational survival, or the need to consider hiring different kinds of staff who have a high tolerance for uncertainty, but this is our tradition. Traditional notions of organisational stability may have to be reconsidered. At my organisations, we currently receive money from many public and private sources to fight the deportation of young adults and children without full due process, while simultaneously filing legal actions against our own government which is putting forth policies and regulations we consider to be detrimental to the interests of those who come to us for help. Biting the hands which feed us has become common practice, though we do worry about retribution from elected officials. There are examples in the public sector where governments restrict the actions of the non-profit sector as a quid pro quo for receiving targeted public funds, a policy which has been challenged by our sector through the judicial system. These restrictions on advocacy are dangerous precedents which presumably will be addressed by our sector even at our own peril.

Third, politics is seasonal even if the seasons can last a long time. Liberals with new agendas, quaint in their own way, may arise again. What seems like universal conservatism, a retreat from the social welfare state, may well have run its course, especially if and when local economies regain stability and recognize that the major remaining lag is reflected in the cutbacks in publically funded positions. New York City may be only one example of this, but it is an influential example. The newly elected Mayor is the most socially oriented leader of the City in a generation, immediately following the 12 year (and in many ways, successful tenure) of a billionaire businessman-turned-mayor who in turn replaced a solidly conservative official. Bill DiBlasio so far has been true to his word with re-energized social programs, an ambitious affordable housing agenda, new way of policing, a predilection for hiring an incredibly diverse leadership team, and other exciting initiatives. Of course his agenda is intimately tied to the preservation and expansion of the local economy, but his persona and message is unique. Recently, the United States Conference of Mayors has taken on the pervasive issue of the "income gap" as a critical policy agenda, again a subject

made more popular by Piketty's book. For all the conservatism in our country and actions of the tea party, there are still many States with agendas which are clearly liberal though perhaps never as generous as once was found in other countries. Making the assumption that conservative governments are here to stay is a mistake. Politics emerges, frequently, from the weaknesses or strengths of the economy.

Finally, I want to broach a subject which many of us are embarrassed to discuss, i.e. the power which exists in many of our institutions. I am explicitly not referring to the power being claimed by individuals or communities or advocates, but the power of organisations as organisations. Many of us are leaders of organisations which are more than capable of exerting influence than we are willing to admit in the dirty nasty in-fighting of politics. We may not run big corporations - though many of us do have very large numbers of employees and significant budgets, especially in a local economy - but we do have loud voices which can be heard. The world is shaped by multiple elites. Power and influence are distributed across these elites. I am frequently amazed at our general hesitancy to act as leaders when the leadership void is all too apparent. One means for exercising power is for the non-profit sector to emulate the Political Action Committees (PACs) which have proliferated in recent years and which receive substantial resources from all points along the political spectrum. In the States, PACs are legitimate mechanisms for raising and spending money mostly on issues or policies, and not on specific candidates for office, a line that many feel is a bit too blurry. Our sector may not be able to match the funds raised by powerful private interests, but we can match the activism and organizing capacity. Many of our peers find playing the PAC game to be offensive and contradictory to our values, a position which must be recognized. But this may also be short-sighted idealism. Too many of our traditional settlement houses (by whatever name they are called) lost their way when it comes to advocacy and progressive policy battles, but they are regaining their voices and their willingness to fight using contemporary means of battle.

The strength of our sector, of settlement houses and many other forms of community based development and capacity building organisations, is that we are capable of adapting to changing environments while preserving our core missions. Thinking about and designing the future is one of our responsibilities. Risk taking, the deliberate use of the power we possess, and the new relationships we build across sectors, are attributes which define us.



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# An independent voice



The voluntary sector **must continue to set** the agenda on equality

Amanda Ariss, *Equality and Diversity Forum*



Don't lose your voice! Responding to the gradual restriction of 'civic space'

Oli Henman & Danny Sriskandarajah, *CIVICUS*



We need a statutory Compact with teeth

Sir Bert Massie, *Panel on the Independence of the Voluntary Sector*



The voluntary sector **should not just** comfort but disturb

David Robinson, *Community Links and Early Action Task Force*



The sector must preserve its independence and the passion of its volunteers

Heidi Sandberg, *National Forum for Voluntary Organisations, Sweden*

# The voluntary sector must continue to set the agenda on equality

Amanda Ariss



The voluntary sector has in many ways been remarkably successful in embedding equality into mainstream thinking but there is so much more for it to do over the next decade: continuing to ask searching questions of government and others; creating a compelling vision to communicate the benefits of equality; telling the stories to make issues urgent; and practising not just preaching equality itself.

Helping to create a fairer society has always been part of our work. Fifty years ago, highlighting the impact of discrimination was almost exclusively the role of the voluntary sector, with the state doing little and often nothing at all. It's a mark of the success of independent community action that public bodies now have statutory responsibilities to address inequality through the Equality Act 2010. Our longstanding themes – such as disabled people's insistence on nothing about us without us – are the core principles of approaches like co-design that are being developed to refashion relationships between the state, citizens and communities.

Independence may be less of a challenge for the equalities sector than for others: many equalities NGOs have never had public funding or been in the business of contracting with the public sector. There are notable exceptions, such as women's organisations that pioneered services for survivors of violence and now sometimes provide these for the public sector. Here there are some alarming threats to independence: Polly Neate, CEO of Women's Aid, recently highlighted the case of one local authority telling other public bodies not to refer women to a domestic violence charity that had spoken out against the authority's policy<sup>1</sup>.

So what are the challenges of trying to create a more equal society and what should the sector and the state be doing about them? There are three main challenges: developing more successful approaches to the practical job of creating a fairer, more equal society; speaking out about the whole equalities agenda, whether or not it fits with prevailing political trends; and embedding good equality practice across the whole of the voluntary sector. The public sector has a major role to play in tackling the first of these challenges - it is arguably one of the state's most important responsibilities - but the second and third are largely for the sector to address.



Creating the conditions for a fairer, more equal society is obviously not the work of a moment and state and the sector have distinctive, usually complementary roles to play. So much has changed since Britain's first equality legislation in the 1960s and 1970s that the sheer scale of the inequalities that remain can easily be obscured. We all know that you will live longer in Kensington than in Kirkcaldy but far fewer people are aware that people with Learning Disabilities are 58 times more likely than the rest of us to die before the age of 50. In debates about the impact of public spending cuts, very little attention has been paid to the fact that the combined impact of taxation, welfare and other public spending changes since 2010 has been greater for pretty much every ethnic minority group than for the white population. If we are to change things, the first task is to gather and analyse evidence about the nature, scale and impact of inequalities and the differential life chances associated with race, gender, disability, religion, sexual orientation, age or another factor such as refugee status or being a trans person.

The asking of intelligent question about differential outcomes should engage not just the voluntary and public sectors but also academics, the media and the wider public. In the process we can start to nurture a compelling vision of what society might be like if there were fewer barriers to some groups achieving their potential. The benefits are substantial: a society in which no-one is prevented by personal or institutional discrimination from fulfilling their potential will be more socially and economically successful, with fewer resources going into tackling the costs of exclusion, tension and inter-personal violence. The sector and public bodies need to work together on solutions. These are likely to involve both adjustments to policies that affect everyone so that they help reduce inequalities and also interventions targeted at particular groups. Despite active encouragement from the sector, most UK governments have been reluctant to take both of these approaches together and some have been reluctant to take either (although the Scottish and Welsh governments have generally taken more positive approaches).

The second challenge of speaking out about the realities and consequences of persistent inequalities is a classic voluntary sector role, but we don't have to do it in traditional ways. We need to communicate the lived experience of inequality and build awareness of how uneven the playing field really is. JRF research<sup>2</sup> shows that the more people are aware of how early in life inequalities kick in, the more likely they are to support action to do something about them. That involves active, energetic and well-designed communications that speak to a variety of communities. As Martin Kettle argued recently<sup>3</sup>, Britain is not one nation but many. The everyday life experiences of a low income Muslim family in Birmingham are very different from those of an affluent, White British family in the Cotswolds. The Cotswolds family will probably have no idea how many more obstacles the Birmingham family face to flourishing. Someone who isn't disabled is unlikely to know how challenging it can be for disabled people to access the opportunities that others take

pretty much for granted. Part of the job of the equalities voluntary sector is to tell those stories.

We must also speak truth to power and highlight policies and practices that undermine substantive rights and opportunities. In that role, we should be engaging with not just the state but also the corporate and media sectors.

Last but not least, the third challenge is to embed good equality practice in our sector. Recently I chaired a conference at which a police force equality manager argued that private companies are often better than public bodies at achieving the benefits of good equality practice. Whether or not you agree with her, do you feel confident that the third sector is leading the way on equality? Despite some examples of good practice, I'm not sure I do and as the leader of a network of equality and human rights organisations, that concerns me. I want others to look to our sector for the best practice.

Getting it right on equality is essential if we're to practice what we preach but it's also essential to succeed in the face of new challenges. Today we have to be more innovative, creative and resourceful than ever. We need to build on what we do well and identify where we can improve. We need to reach diverse audiences and motivate talented staff and volunteers. And we need to meet the standards expected by commissioners, regulators and the law. Good equality practice can help with all this and anyone needing help can look to the new voluntary sector equality and human rights framework for support ([www.ehrf.org.uk](http://www.ehrf.org.uk)).

What would it take for the state and the voluntary sector to rise to my three challenges? All parts of the state would need to take a less defensive approach: imagining that we've sorted inequalities or behaving as if it's bad manners to mention racism gets us nowhere. Governments need to recognise that treating everyone the same often isn't the answer when life chances are so unequally distributed in the first place. Politicians also need to have the confidence to treat challenges to their policies not just as legitimate (which is too much for some ministers, past and present) but also as vital in a healthy democracy. At a very practical level, we also need governments to gather better data: the cancellation of the Citizenship Survey in England was a backwards step, although we have overcome the immediate threat to the Census.

For its part the voluntary sector needs to be willing to see the whole inequality picture, not just the parts of it that relate to the particular group we represent. Effective approaches to tackling educational underachievement, for example, need to take account of the complex impacts and interactions of class, race, gender and disability. There are big issues for Black boys and for White working class boys but approaches that take a single focus will probably fail the other group and ignore the issues affecting disabled children or Gypsy and Traveller children. To be effective in tackling inequalities we need to advocate

nuanced policies that recognise people's multi-faceted experiences of inequality. And we need to listen carefully to the most marginalised voices. In the strident public debate about achieving both religious freedom and equality for LGBT people, the voices of LGBT people with religious beliefs need to be heard, for example.

So there is much for our sector to do, but as the pioneers of action to address inequalities I am confident we can rise to the challenge.



*Amanda Ariss is the Chief Executive of the Equality and Diversity Forum and is on the board of Compact Voice. She writes here in a personal capacity.*



<sup>1</sup>[www.thirdsector.co.uk/public-bodies-intolerant-domestic-abuse-charities-speak-out-claims-polly-neate/policy-and-politics/article/1316631](http://www.thirdsector.co.uk/public-bodies-intolerant-domestic-abuse-charities-speak-out-claims-polly-neate/policy-and-politics/article/1316631)

<sup>2</sup>[www.jrf.org.uk/publications/attitudes-economic-inequality](http://www.jrf.org.uk/publications/attitudes-economic-inequality)

<sup>3</sup>[www.theguardian.com/commentisfree/2014/oct/15/black-up-row-uk-one-nation-cameron](http://www.theguardian.com/commentisfree/2014/oct/15/black-up-row-uk-one-nation-cameron)

# Don't lose your voice! Responding to the gradual restriction of 'civic space'

Oli Henman & Danny Sriskandarajah



Civil society has grown steadily over recent decades but at the same time the 'civic space' available for open debate and by diverse voices is also being slowly restricted around the world. The real opportunity over the next decade will be for governments and civil society itself to realise the potential to widen that space to improve opportunities for engagement and create a more participatory democracy.

## The growing role of civil society

CIVICUS' mission is to strengthen civil society and citizen action around the world. From its foundation in the 1990s, one of CIVICUS' core aims has been to map and understand how citizen-led groups can engage with democratic processes. As an alliance, we grew out of a shared desire to understand the democracy movements that rose at the time in Eastern Europe, Asia, Africa and Latin America. We are a global alliance of civil society organisations and have a broad membership that spans sectoral, thematic and geographic divides, which has grown to include networks, social movements and individual activists. Civil society has grown considerably over the past few decades, for example there are now up to 4 million charities in India, 1.5 million in the US, and 81,000 international NGOs and networks; 90% of them launched since 1975. These organisations provide support to marginalised members of society and give voice to those who are often excluded from policy debates around the world. Throughout our history we have seen a growing role for civil society and a greater interest in this role from governments in many parts of the world, with an emphasis on partnership working.

## Project delivery or citizen action

In principle this growth demonstrates a commitment to civil society from government and a desire to respond to the growing needs of a more engaged population. It is now well established that the increased interactions with government have in many cases led to a growth in civil society organisations delivering large-scale public contracts, such as major World Bank initiatives in countries from Bolivia to Bangladesh. However this has often led to an increasing focus on project delivery and a loss of focus on core aims to bring about social change, leading to an 'instrumentalisation' of civil society bodies to mere

project delivery agencies. Many large civil society organisations are drawn into complex and time-consuming project management timeframes and are no longer able to prioritise grass-roots engagement to respond to the changing needs of beneficiaries.

At the same time, recent years have seen a major increase in citizen mobilisation to bring about democratic change outside the confines of registered organisations. Our State of Civil Society 2014 report<sup>1</sup> has mapped how these movements rose, notably in North Africa, Turkey, Ukraine and Brazil, and how they are now being restricted. In cases such as Egypt and Tunisia much of the activity aimed at bringing about social and policy change came about from decentralised citizen action, not from traditional civil society organisations.

It is clear that there is dissatisfaction with traditional political engagement in many parts of the world and that a new generation of activists is hungry for a different way of doing politics. In Turkey this was stimulated by dissatisfaction with the loss of green space in a crowded city and in Brazil it was inspired by a sense of injustice at massive public investment in infrastructure being mired in corruption. They are used to social media and interactive dialogue and are increasingly demanding a more responsive approach to decision-making to ensure that public goods are genuinely open to participatory decisions.

## **Raising the temperature**

The new generation of activists are able to mobilise quickly around particular moments and reach a very wide base of support around the world through social media. Citizens are able to come together through informal networks and share information to hold governments to account in much more responsive ways. This ability to mobilise and raise support has led to concern from centralising governments and has been met with a backlash of increasing restrictions designed to curb the very engagement that citizens are craving.

Unfortunately, rather than seize this opportunity for renewal, a number of governments have instead sought to limit the opportunity for activity by citizens and civil society. These restrictions have often been in the form of increasingly restrictive regulations, such as the new proposed NGO Law in Egypt, or in the form of limits to international donations to civil society, such as Russia's notorious 'Foreign Agents' Law which requires all NGOs receiving foreign funds to register as foreign agents. These types of restrictions are varied and include aggressive auditing of accounts as well as police investigations, such as witnessed in Hungary in recent months. They are being introduced gradually even in democratic states and represent a step backwards for the overall movement towards more open societies.

These restrictions may serve a short-term political goal but it is unlikely that they will succeed in suppressing free speech. Many of the same governments also sign up to principles around transparency, such as the global Open Government Partnership and as citizens continue to find new ways of sharing information it will become increasingly difficult to suppress the legitimate concerns of an active population. Increasingly this mobilisation could be seen as a sign of a growing awareness and engagement in policy formulation around the world. Far from apathetic voters, instead we are seeing the rise of a generation of savvy active citizens.

## **A more participatory democracy?**

In fact, the real opportunity now available is for governments to recognise that active citizens can be a key component of policy development. Rather than seeing social movements as a threat, it is time for a fresh look at the role of civil society in responsive government, to reflect the changing nature of governance in the twenty-first century.

Firstly, the legal environment should enable the views of a wide range of citizens to be heard. This provides a basis for understanding core needs and recognising that potential solutions may come from a wide range of backgrounds, including service users and advocacy groups.

Secondly, information should be made freely available to enable citizens to understand and monitor delivery of government services, thereby increasing transparency and enabling citizen-led groups to analyse and present data in fresh ways.

Finally, practical methods for consultation and engagement should be shared and put into use by government at all levels, this guarantees that legal provisions are truly implemented and that the views of citizens inform better decisions.



*Oliver Henman is the European Representative and Danny Sriskandarajah  
is Secretary General of CIVICUS*



<sup>1</sup><http://civicus.org/index.php/en/socs2014>

# We need a statutory Compact with teeth

Sir Bert Massie



Two of the principles on which the Compact is based, the agreement of government to allow time to consult the voluntary sector, and to recognise that the sector has a right to campaign, have been so undermined that a new structure to support the Compact is required. An independent organisation accountable to neither the Cabinet Office nor Compact Voice should be created. It should be accountable directly to Parliament.

L P Hartley opened his novel *the Go-Between* with the sentence: “The past is foreign country: they do things differently there”. The Compact was conceived in such a country and we do things different now. As John Major’s government was in its death throes there was concern in the third sector that government had not taken it seriously. The National Council of Voluntary Organisations invited Professor Nicholas Deakin to chair a Commission to consider the future of the voluntary sector and its relationship with the government. It reported in 1996.<sup>1</sup> One of Deakin’s recommendations was “a ‘concordat’ to be drawn up between representatives of the government and the sector, laying down basic principles for future relations.” The Labour Party, then in opposition, was thinking on similar lines and in 1997 published *Building the Future Together* in which it concluded that a Compact between the government and the voluntary sector would strengthen and help develop relationships.<sup>2</sup> Following extensive consultations the Compact was launched the following year.

The Compact was a short document as the detailed policies were to appear in separate Codes of Practice. It set out a number of principles and commitments which would underpin everything else. It recognised “in the development and delivery of public policy and services, the government and the voluntary sector has distinct but complementary roles.” Paragraph 9.1 commits the government “to recognise and support the independence of the sector, including its right within the law, to campaign, to comment on government policy, and to challenge the policy, irrespective of any funding relationship that might exist and to determine and manage its own affairs.”<sup>3</sup>

The Compact recognised the need for strategic funding and this was followed up by practical measures in which the government supported infrastructure bodies. The document was largely based on mutual respect and it was assumed that disputes could be resolved amicably. The creation of the Commission for the Compact in 2008 suggests

that not everything went as well as was hoped. There were however significant areas of progress. The voluntary sector became more skilled at working with the government and the agreement that consultation documents should allow at least 12 weeks for consultation enabled voluntary bodies to make a serious contribution to the development of policy.

The Compact was refreshed in 2009 and became a single short document.<sup>4</sup> A year later the incoming Cameron government wanted its own version and rewrote it. This stressed the role of voluntary organisations as sub-contractors in the delivery of services. It did however still contain commitments to consult and retained the 12 weeks time span. It also stated the government will “Respect and uphold the independence of civil society organisations to deliver their mission, including their right to campaign, regardless of any relationship, financial or otherwise, which may exist.”<sup>5</sup> It is worth exploring whether the government has delivered on these commitments and the mechanisms by which it can be held to account.

There is always a tension between the desire of a government to implement its policies and the time-consuming process of consultation. Although it can be argued that fast law is normally bad law, this does not normally inhibit Ministers from pressing ahead as quickly as they can. One result is that government has introduced a number of policies without sufficient consultation. At the end of 2013 Compact Voice and other organisations wrote to the Cabinet Office minister, Francis Maude, illustrating a number of occasions in which the government had failed to adhere to the 12 week consultation timeframe.<sup>6</sup> It could have provided many more examples. This year the Department for Work and Pensions ‘reopened’ its consultation on an aspect of the new Personal Independence Payment when disabled people pressed for a Judicial Review on the grounds that there had been no consultation on the measures proposed. It is hard to believe that the Spare Room Subsidy, or Bedroom Tax, would have been introduced had expert voluntary organisations been able to advise the government on its disastrous consequences. Whatever the grand intention of the Compact to promote consultation it is difficult to sustain the argument that the government feels obliged to follow it.

A strong self confident government should be able to regard criticism of its policies as legitimate concern from parts of civil society. The government might disagree with the criticism but it has at its disposal a formidable public relations operation to enable it to put across arguments in favour of its policy. It should also be prepared to analyse criticism to see whether policy could be improved. Unfortunately, in recent years the government has responded to criticism from voluntary organisations by questioning the right of such organisations to behave in such a way.

Criticism of a policy is interpreted as criticism of the government and therefore a political act that contravenes charity law. This distorted logic is increasingly used by the government to argue that it is the job of charities to provide services and not to engage in



policy disputes with the elected government. Rather than defend its policies and address the issue the government seeks to eradicate criticism by attacking the critic. However, as far as the Compact is concerned, the recognition that charities have a legal right to campaign is being undermined.

The Panel on the Independence of the Voluntary Sector has received examples of this policy in action. Many voluntary organisations became subcontractors for the Work Programme and soon discovered that whatever the merits of the programme it had serious shortcomings for marginalised groups. Their contract with prime providers and DWP prohibited them from making public comment. When this leaked, DWP responded by saying they could comment on the programme providing their comments were positive!<sup>7</sup> When Oxfam produced a Twitter post drawing attention to the effects of austerity measures on poorer people in the UK and suggested we were heading for a Perfect Storm the reaction was immediate. Oxfam were condemned for being too political and reported by a Conservative MP, Conor Burns, to the Charity Commission.<sup>8</sup> The Trussell Trust which supports food banks throughout the country faced severe criticism from the DWP Secretary of State for suggesting that social security changes resulted in some people using food banks.<sup>9</sup> As a trustee of an organisation that refers people to food banks, I know this assertion is accurate but that did not prevent the weight of government landing on the head of the Trussell Trust. The Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act 2014, or Lobbying Act, will impose further restrictions on charities' ability to represent the views of their members.

One consequence of this attack on the independence of charities is that some charities have taken the message to heart and no longer seek to assert themselves but impose a degree of self-censorship. While this is understandable it is also rather sinister and suggests that the mutual respect between government and the voluntary sector promoted by the Compact is in serious need of repair.

Of course, there are examples around the country where the Compact is still producing positive results, especially at local level. Nonetheless, at national level it is not working. The Cabinet Office might well support it but it seems powerless to stop ministers in other departments ignoring the commitments the Compact contains. Compact Voice, which represents the voluntary sector in matters relating to the Compact, campaigned in vain against aspects of the Lobbying Bill.

In brief, the government is failing to honour its commitment to consult the voluntary sector when preparing policy and is doing its utmost to ensure that the right of the voluntary sector to campaign against harmful policies is increasingly diminished. Two of the core principles of the Compact thus undermined. The procedures for holding the government to account are failing. Yet open and honest implementation of the Compact

would enable the government to develop better and more workable policies and for the voluntary sector to help deliver them. It is surely time to fill the veins of the Compact with a transfusion of new blood.

A new Compact should be written and its principles enshrined in law. It should be supported by a new state funded agency to promote and enforce it. This agency must be independent and accountable directly to Parliament so it is free of the politics of the voluntary sector and the current whims of ministers.



*Sir Bert Massie is the former Commissioner for the Compact and is a member of the Panel on the Independence of the Voluntary Sector*



<sup>1</sup>*Meeting the Challenge of Change: Voluntary Action into the 21st Century*, Commission on the Future of the Voluntary Sector in England, NCVO Publications, London, 1996 (also referred to as the Deakin Report)

<sup>2</sup>*Building the Future Together*, Labour Party, London, 1997

<sup>3</sup>*Compact on Relations between the Government and the Voluntary and Community Sector in England*, HMSO, November 1998

<sup>4</sup>*Compact on Relations between the Government and the Third Sector in England*, COI, December 2009

<sup>5</sup>The Compact, Cabinet Office, December 2010, page 8

<sup>6</sup>Letter from Compact Voice to Rt Hon Francis Maude MP, Minister for the Cabinet Office.  
[http://www.compactvoice.org.uk/sites/default/files/francis\\_maude\\_letter\\_compact\\_voice.pdf](http://www.compactvoice.org.uk/sites/default/files/francis_maude_letter_compact_voice.pdf).

The letter is undated. The web-link is dated 17 December 2013

<sup>7</sup>Letter to Work Programme providers, Claire Elliot and Derek French, DWP, 8 November 2012

<sup>8</sup>*Oxfam: MPs shocked by 'disgraceful' political campaigning*, Daily Telegraph, Christopher Hope, 10 June 2014

<sup>9</sup><http://www.independent.co.uk/news/uk/politics/iain-duncan-smith-accuses-food-bank-charity-the-trussell-trust-of-scaremongering-9021150.html>

# The voluntary sector should not just comfort but disturb

David Robinson



Why have food banks become the fastest growing development in the local voluntary sector in recent years?

Household bills have increased dramatically, particularly on utilities. Incomes have stagnated or fallen. Job cuts or reduced hours, benefit changes like the bedroom tax and the council tax and the brutal and sometimes incompetent application of sanctions have, in various combinations, battered those who are already on low incomes with increasing ferocity. People are struggling and hungry but still, why a food bank?

Why not a Job Centre picket, a flash mob at Westminster or a coordinated protest across the phone-ins, letters pages and election meetings? Why not a Poor People's march?

Why, in short, are food banks the iconic movement of our time and not Stop Hunger - the peoples campaign to end poverty in Britain?

Local newspapers once delved and campaigned, councils resisted the rate cap, tenants organized, unions marched in numbers, and these forces of democratic challenge were widely supported. UK Uncut continues to demonstrate the power of direct action whilst Citizens UK, Avaaz and Hope not Hate show that it is still possible to engage large numbers in different ways and win the argument. Some voices, large and small, are regularly raised but Oxfam, Taxpayers against Poverty, Greenpeace and indeed some food banks are amongst the exceptions. They are not the rule. For different reasons civil society has been losing its voice in recent years.

I think the voluntary sector, to the extent that it is definable at all, has a responsibility to both comfort and disturb. We do the comforting well enough in 2014 but what of the disturbing? Ministers would have us say less but in truth we haven't said enough. We don't all have to do everything all the time but between us we need to keep challenging, keep exposing, keep pushing forward. My first and biggest plea to the sector for the coming years – recover the mojo, raise the voice, revive the anger.

This takes me to my second point. It is increasingly difficult to define 'the sector.' Legislative changes, new forms of contracting and a rippling Animal Farm effect has produced charities that try to look like businesses, businesses that try to look like charities and lots of organisations that are mutuals and social enterprises, and academies and community

interest companies and not quite one thing or the other. If these diminishing distinctions have helped to reduce the failings and weaknesses on all sides it may not be an entirely bad thing but it has also meant that it is increasingly difficult to speak about a 'voluntary sector' as if it were a discrete entity and it has become especially challenging to design policy for it.

Whether we submit our returns to the Charity Commission or to Companies House isn't really the distinction that government ministers and opposition leaders are interested in when they talk about the voluntary sector and about, for instance, trying to find new ways of commissioning that engage more charities. What they are interested in is our values, how we work, as well as what we do.

Those of us that still think of ourselves as occupying this space need a new way of defining it and we should begin with those values. A set of principles including 'not for personal profit' at the top of the list would sort the wheat from the chaff. Signing up to those principles and demonstrably living them out would be a more useful guide to character and purpose than constitutions and legal status but of course the values need to be the right ones. That's why I hope the Panel on the Independence of the Voluntary Sector, itself a child of the sector, will take the first steps on consultation and design. What are the criteria that collectively define us and on which we would wish to be judged?

These things we can do, or at least begin to do, from within the sector. For others we need help.

If we are to involve more citizens in decision making and allow local providers, statutory and voluntary, to pool resources and deliver the best service then, paradoxical thought it may seem, the aspiration must have much stronger direction from the top. Requiring councils to work with local partners and to integrate budgets will generate the change that successive ministers have talked about but only tinkered with. The next government should introduce a local authority 'duty to collaborate' with a matching 'right to lead' empowering other local service providers to require the cooperation of the council if it fails to step up.

A little under half of us volunteer beneath the radar. Informal volunteering knits our society together and is at the heart of the British way of life. Previous governments have developed fiscal incentives for the giving of cash. The next one should promise something comparable for the giving of time.

The Brown government introduced legislation to gather and redirect unclaimed assets from the High Street banks – estimated at the time at £10bn. Less than £0.5bn has surfaced so far. There was an expectation that the original group of contributors would be squeezed for more and the scheme extended to other financial institutions. Neither has happened. The money so far has gone into Big Society Capital but the legislation allowed

for other uses as well. Potentially this money represents a really significant untapped pot for a voluntary and community sector that has struggled in recession but is so important to so many in the UK. The next government should go back for more and spread the reach - insurance companies, share holdings, and building societies for instance are as yet untouched.

Finally building a fence at the top of the cliff rather than running an ambulance at the bottom seems like an eminently smart approach to public policy. You'll struggle to find a practitioner or a funder, a policy maker or a politician who wouldn't agree with the principle but it has seldom been embraced on any scale. As the economic environment has deteriorated the fence building has particularly suffered despite the recognition that good preventative work is about reducing needs and ultimately therefore about reducing costs and reducing deficits.

The Early Action Task Force has concluded that isolated initiatives are not enough. We need cross sector support for changing structures and systems, to meet imminent liabilities and to unleash a triple dividend – thriving lives, costing less and contributing more. Each one of us should be challenging ourselves now and in the future: how could we, collectively, tackle this problem better, one step sooner?

Rediscovering our voice, redefining the sector, leading partners to the table, rewarding volunteering, reclaiming **our** money for **our** communities, preventing problems rather than coping with the consequences – these are big challenges for the third sector but, to paraphrase Nelson Mandela, our playing small does not best serve the world. It's time to make waves.



*David Robinson is co-founder of Community Links and Chair of the Early Action Task Force*

# The sector must preserve its independence and the passion of its volunteers

Heidi Sandberg



In recent years it is evident that public authorities from around the world often turn to civil society to assist in finding solutions to present and future problems. But efforts will fail if the independence of civil society and the passion of its volunteers are undermined.

I work for an umbrella organisation for civil society working within the social sphere in Sweden, called Forum. Our aim is to improve the opportunities for civil society to participate in the creation of a better society, and this is my angle in this text.

In most of Europe the welfare state is under pressure and organisations are frequently asked to deliver services of different kinds. But in many countries they are also requested to forget their independence and ability to gather public opinion around issues, when they enter into contracts with the state. This is something we observe with quite a bit of worry in Sweden, and most of the civil society organisations are adamant in wanting to safeguard against this. We see this growing trend as a clear sign that politicians and public servants see civil society mainly as a potential resource of volunteers or an actor that should be mastered to perform whatever is needed.

We all know that we are facing challenges – when it comes to society, state and democracy. And at Forum we believe that civil society organisations are important actors in meeting these challenges. But important in what way? As delivery agents of welfare or as co-creators of a fairer society? What our politicians and public servants aim for is important, as it will influence what kind of solutions and methods we develop. How do we create an environment that will strengthen civil society's ability to contribute to our future society?

Some ideas and suggestions on this have already been introduced from different countries around Europe. But we look upon many of them with worry, as most of them do not take into account what civil society is, and what it is not. Designs that actually build on the strengths of civil society are few and far between. And yet those kind of proposals are exactly what we need to face the future challenges. How do we shape a system in which civil society can become an ally in reshaping and improving society?

One thing seems apparently clear – we need to analyse the possible effects of all propositions from different viewpoints, so that their likely outcomes will bring us closer to our goal. This may seem fairly easy, but in reality it is quite complex. Especially as it is

necessary to include a broad political discussion about the end aim – what role do we want civil society to have? If we have decided upon a common goal, then what will be the likely effect of a certain proposal on volunteers, organisations and society?

### **How do we favour the volunteer?**

Political thinking should take into account that most volunteers are motivated by the goal to achieve long-term development and change. If you are engaged in volunteer work the need to contribute to individuals, to bring your knowledge and solidarity is important, but if you cannot see that your work will make a positive change and development for society, most of us lose heart and dedication eventually. This also means that you have to realise that volunteering is collective activity – you may get engaged as an individual but most of us know that we need the collective to achieve real change. We need the independent organisations.

### **How do we favour the civil society organisations?**

Politicians should always take into account that civil society organisations are based on the notion that they are independent actors working towards their own common goal. The idea that collectively we can influence things – our own lives, our local societies, global environment, national health, or something else – is part of the organisations' structure. It is against this backdrop that civil society can be expected to provide better quality to services, be an actor for improved democracy and bring about local engagement and empowerment. The idea is that the organisations are self-governing actors – of the people for the people – and certainly not objects that can be steered towards what others deem important. We need the independent organisations.

### **How do we favour society?**

Political thinking must take into account that society is greater than the state. As the civil society organisations are a major part of this greater society, the state will benefit much more from involving the organisations in the development of society and welfare service, than in pushing us into becoming executors of what the state needs. We all know that civil society organisations have been a major force in shaping and creating our common welfare and state, and we can continue to assist in reconfiguring them. Civil society organisations have frequently been instrumental in pointing out new needs and areas where joint efforts are needed. They are also often necessary in finding new solutions to these problems. Lastly the organisations are often imperative in whether these new methods should be made general rights or not. We need the independent organisations.

In times of need it is important to find common goals and common allies. Our society is facing challenges and the welfare state is under pressure. We need new ways in which different actors can contribute to common solutions. Civil society can be a strong and creative ally to politicians and public servants, provided that our independence is guarded and respected. Civil Society is neither a tap-resource of volunteers that could be sent in to do what our common welfare can no longer afford, nor a group of actors that should be managed and manoeuvred into delivering the services public officials decide are most worth paying for – at the lowest possible price.

It is time for all of us to realise that we have a lot of work to do to develop our society, build a stronger democracy and reshape our state. So let us create an environment in which all of us can contribute to this!

Facts about Swedish civil society:

- 50% of the adult population (ages 16-74) work as volunteers approximately 16 hours a month. 76 per cent of all work done by civil society is done by volunteers, and only 24 per cent by employees in the organisations. The overwhelming majority of volunteers are organised by civil society organisations.
- There are over 200,000 civil society organisations in Sweden (with a population of 9.5 million people) and there are virtually no laws restricting the forming of new organisations. Neither is there any way to apply for a charitable status, but beneficial tax-regulations are awarded to all civil society organisations.
- Adult Swedes are members of approximately four organisations.
- Financially civil society organisations get half of their income from membership fees and sales. One third comes from public sources, but a very small amount of this comes from contract services.



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# Adding value to public services



**The voluntary sector should bring ‘mutual action’ to more public services**

**Sir Stephen Bubb, ACEVO**



**Playing to its strengths? from service delivery to service design**

**Dan Corry, *New Philanthropy Capital***



**From delivering services to collaborating for outcomes**

**Dr Henry Kippin, *Collaborate***



**From welfare state to a welfare society: the German ‘insider’  
or Swedish ‘outsider’ model?**

**Rebecka Prentell, Sverok, & Anna Ardin, *National Forum for Voluntary Organisations, Sweden***

# The voluntary sector should bring ‘mutual action’ to more public services

Sir Stephen Bubb



British public services have long had a difficult relationship with voluntary action. Before the twentieth century what little social security that existed was laid on by charities and friendly societies. Voluntary and mutual association was essential. In health, social care and poor relief, citizens had to work together or suffer.

In the twenty-first century we live longer than at any other point in the welfare state's history, and yet inequality continues to widen.<sup>1</sup> Only the politically irresponsible want to cut up our social safety net for good. But we do have a significant challenge ahead. In an ageing, less deferential society whose population is divided in its relationship to globalisation we do have to rethink our ‘mixed economy’ of public services if it is to be politically and financially sustainable in the long term. Our task is to recover Britain's mutual, democratic heritage whilst preserving the state's unique ability to guarantee a national safety-net from cradle to grave. This demands a close but independent relationship between state and civil society.

People's quality of life did not immediately improve when the ‘welfare state’ took shape between 1908 and 1945. In many instances their lot got worse. The mixed economy of welfare provision weakened many long-standing mutual associations, and it was not until after 1945 that they were satisfactorily replaced by the state. The social historian Pat Thane observes that successive social reforms had long been seen as ‘a threat to working-class independence both collective and individual’.<sup>2</sup>

Even when public services did start to take their current, comprehensive form, they ignored the traditions of mutual self-help that built up in voluntary action before the twentieth century. It was somehow forgotten that citizens need to be closely involved in the design and delivery of their own services. I do not think it should only be small-state liberals who lament the decline of voluntary association, of citizens taking responsibility for decisions about their service usage. The conservative historian John Vincent, for example, believes ‘the advance of public responsibility caused a retreat in popular participation’.<sup>3</sup> But today we also see ‘Blue Labour’ thinkers criticise hierarchical Fabian statecraft from the left. The twentieth century welfare state preferred to do things for citizens and to them, without necessarily giving them significant choice and voice in the nature of the services they used. There is widespread agreement that this must change.

Charities, social enterprises and community groups can both directly provide the public services of the future and also help the public sector to recover the mutual ethos that it has all too often never had. They can help guide public services to focus on holistic prevention of complex social problems, on greater volunteering and citizen participation, and towards better delivery of services given the money available. An ageing population with complex needs is best served by a complex, adaptive public service ecosystem with a wide range of voluntary organisations free to innovate in their work on the front line.

In health and social care services, a particular area of my interest, this debate is already firmly underway. It has been difficult in the last few years to argue that within the fiery debates about ‘public service reform’, ‘choice’ and ‘competition’ there lie some fundamentally important questions about the nature of the state in which we want to live in future. When we have the technology and knowledge to do better, there is no reason that all citizens should receive a lowest-common-denominator service provided by the state alone. If I wish to die at home rather than in hospital, or if I opt to have surgery in a particular hospital close to my house, why should I not be allowed to? This is a challenge to commissioning authorities, who should not be directed by the altogether simpler financial logic of procurement. They must be open to building the best available service that current thinking can devise, and one where a plurality of providers gives citizens a choice of service types and locations. They should not be afraid to entrust not-for-profit voluntary groups, be they charities, social enterprises or others, with providing more public services and with agitating for culture change across the public sector.

Health and social care shows the other important side to voluntary organisations; their ability as trusted advocates for the rights of the politically disenfranchised.<sup>4</sup> While the NHS is regarded as sacred to many in our country, the politicians who run it are certainly not; Ipsos MORI’s regular surveys of public trust show charities are consistently trusted by 60-70% of people whereas politicians are lucky if they exceed 20% of public trust.<sup>5</sup> Communities of place, interest or need – such as people with sight loss or older people living in an isolated town – will best get the social services that they need not if their services are run by political elites, but if their voices are united in a flexible mutual association that is responsive to their wishes. This idea that the user’s voice should be represented at all levels of public services was too often lost in the post-1945 welfare state. The advocacy and awareness-raising of the voluntary sector has been central to changes such as the move of mental health services from in-patient to community provision. Even worse, in recent years government has sought to deny voluntary associations many basic rights to voice their concerns, through ‘gagging clauses’ in public service contracts for back-to-work and rehabilitation services, and through legislation that limits campaigning like the Transparency of Lobbying Act. This must change.

I hope that in my lifetime and beyond our country's extraordinary heritage of voluntary action will be strengthened and expanded. But a focus on 'independence' should not distract us from the fact that voluntary organisations should deliver more public services, and they can teach the public sector how mutual citizen action can produce better social security. Charities and the wider social sector should instead be at the heart of the design and delivery of a sustainable mixed economy of welfare, a future that ACEVO's work on social sector consortia is already pioneering. It is time voluntary organisations reached their full potential and were freed to speak truth to power. This will leave our whole society better off.



*Sir Stephen Bubb is Chief Executive of ACEVO*



<sup>1</sup>On income inequality trends see the Equality Trust, 'Scale and trends' page, which uses the Department for Work and Pensions' *Households below average income (HBAI)* statistics.

Available at: [equalitytrust.org.uk/about-inequality/scale-and-trends](http://equalitytrust.org.uk/about-inequality/scale-and-trends)

<sup>2</sup>*The Working Class and State 'Welfare' in Britain, 1880-1914*, Pat Thane, *Historical Journal*, 1984

<sup>3</sup>*Poor Citizens: The State and the Poor in Twentieth-Century Britain*, John Vincent, London: Longman, 1991

<sup>4</sup>For a powerful account of civil society advocacy see also Dianne Hayter's essay in *The Red Book of the Voluntary Sector*, London: ACEVO & CAF, 2014. Available at: [acevo.org.uk/ACEVOCAFRedBook](http://acevo.org.uk/ACEVOCAFRedBook)

<sup>5</sup>See Ben Page's presentation to ACEVO's *Gathering of Social Leaders 2014*, slide 40.

Available at: [acevo.org.uk/news/acevo-gathering-social-leaders-summary-speeches](http://acevo.org.uk/news/acevo-gathering-social-leaders-summary-speeches).

## Playing to its strengths? from service delivery to service design

Dan Corry



Charities have a lot to offer public services over the next decade but only if they deliver to their strengths, rather than trying to be just another provider, and focus as much on service and contract design as on trying to win contracts.

There is a view that the real point of the charity sector is to channel publicly donated money to alleviating suffering—of the poor or the disabled—and not work to prevent it. The tax authorities in Canada recently judged that Oxfam Canada had crossed the ‘political’ line by claiming the goal of ‘preventing poverty.’ This view not only excludes charities campaigning for system or public spending changes but would seem to question them having any role in delivering public services. But that is simply not the reality today, nor should it be.

Many charities have become key partners in public service delivery, and are now professional, well organised and focused. Some of these charities now receive almost no public donations and have embraced the change, believing that government contracts offer the best opportunity to make a difference to the individuals they support, while also allowing them to scale up.

Others have watched government grant funding wither away and have decided to enter the game in order to survive. The result is the sector’s income from contracts has risen from £4.6 billion in 2000 to £12 billion in 2010 according to NCVO.<sup>1</sup> But is it right for the charity sector to be so involved?

From the perspective of public services it makes lots of sense. Worries about producer capture and efficiency led a move away from public services being delivered almost entirely by the same people who paid for them - the local council paying for the housing repairs service and also directly employing the staff to run it.

But as competitive forces were pushed into the system and contracts put out to tender it looked like private for-profit providers would clean up, something neither policy makers nor the public felt very comfortable with. Charities in particular, but also mutuals and social enterprises, came to be seen as the rescuing cavalry.

Overall this has to be a good thing. Charities are often much better at relationship transactions; they are trusted more by their users than the private or even much of the public sector; and have the mission-driven motivations essential to the success of such work. Charities can also add value where co-production is important, ensuring that users are involved in the design of services so that they genuinely meet their needs. And they can bring volunteers and charitable income to the party, although using these resources as a sort of subsidy to make their bid keener – and taking work off the public, private or even other parts of the voluntary sector as a result – is a contentious issue indeed.

While charities have had problems with a number of aspects of the new contract state, moves towards contracts with a payment by results element have been useful in focusing charities on what they actually achieve in terms of social impact and at what price, which can pay dividends all round. NPC work for the Arts Council<sup>2</sup> suggests that arts and cultural organisations could access as much as £300 million more of public income each year if they prove their wider social impact to non-arts commissioners. Equally, where heritage organisations want contracts or to attract social investors looking for social as well as financial returns, being able to show what they do really works is crucial.

But the danger is that too much of the sector has become obsessed – for perfectly understandable reasons – with trying to win contracts. If you win a contract in a competitive tender then are you really likely to operate it very differently from another, maybe for-profit, provider?

Charities are rarely able to compete for bigger contracts – especially those that contain large elements of payment by results – due to their inability to cope with the risk and cash flow issues they present. They end up as sub-contractors, a situation many find very unsatisfactory from a mission perspective (if they don't agree with the way prime contractors deliver other parts of the service), as well as a business perspective (they have insufficient or unclear expectations about the volume of work they can expect).

In any case, is the sector just a supermarket with rows of outsourcing providers down its aisles for commissioners to choose from? What about shaping the sector, filling gaps in need, advocating at a national level and on behalf of individuals? Rather than being the fall guys for the public sector by taking on financial and reputational risk, or fronting the cuts as they have in arts, this is surely why the sector exists. If charities become too fixated on winning contracts, there is a risk that they take the overall system and aims of public services too much as a given. Instead of arguing for greater access to contracts and a level playing field, is the best move for beneficiaries in some instances to call for wholesale change to the aims and set up of key public services even if this means the charity may not itself deliver the service?

However, charities must help define what success looks like, so the purpose and design of services reflect what they stand for and the incentives for delivering contracts are aligned with their mission. Payment by results may have helped focus charities on impact but it is important to measure the right thing. For example, in the Work Programme, where part of the payment is made for a job outcome, it is difficult to accurately reward organisations working to develop the employability skills of those furthest from the job market. For any provider in this situation, the financial incentives are against helping those with the greatest need.

The Dickensian approach where the sector's only role in public service delivery was to pick up those who had fallen through the gaps is hopefully long gone. The danger, however, is that charities get caught in a system that diverts their energies to the wrong place, as Fiona Sheil argued in a recent NPC paper<sup>3</sup>.

Charities have a potential big 'in' to public services delivery because of their strengths, but it is where charities do it better than others that they should be winning and doing the work over the next decade. That means grasping the debate about the purpose of public sector services, how they are designed, assessed and measured now.



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<sup>1</sup>NCVO Civil Society Almanac 2014

<sup>2</sup>Opportunities for alignment: Arts and cultural organisations and public sector commissioning, David Bull, Iona Joy, Marina Svistak, Ria Bowler, Sally Bagell, NPC, June 2014

<sup>3</sup>[www.thinknpc.org/publications/failing-the-public/](http://www.thinknpc.org/publications/failing-the-public/)

# From delivering services to collaborating for outcomes

Dr Henry Kippin



Over the next decade, the voluntary sector should be at the heart of a new model of services to the public - collaborating to meet citizens needs and manage demand.

We are in the midst of a live and vigorous debate on the role, purpose and prospects of the voluntary sector in public life. Perilously ignoring their knitting, sector leaders and policy advocates are instead actively debating what it means to combine advocacy with delivery, mission with moneymaking, and co-production with clarity of purpose. This essay collection is part of these deliberations, which feel as urgent as ever as we lurch towards new political waters.

The future supply-and-demand challenges for public services are well known; the 'post-bureaucratic state' still some way off.<sup>1</sup> Is it possible for a truly independent, distinctive and citizen-led sector to compete in today's public service marketplace? When cost, volume and scale are king, it sometimes feels difficult. Our research at Collaborate suggests that a gradual shift towards commissioning for outcomes and paying by results can make it feel even more so: around 90 per cent<sup>2</sup> of the sector providers we surveyed in late 2013 were worried that financial and existential risk is limiting the time and resource they can put into addressing the needs of the most marginalised and troubled citizens.

There are inherent tensions at play for a sector that has developed its public service delivery role hugely since the mid 1990s, with government funding now almost 35 per cent of the sector's income according to NCVO. These are tensions that speak to the need to adapt and survive within a changing context; perhaps navigating the consequences of successive, inconsistent government policies that have sought to build the capacity, expand but proscribe its delivery role, and (latterly) increase the competitive wherewithal of the sector whilst reducing its funding.

What has been the overall effect? It depends who you ask. In a range of interviews Collaborate has conducted recently, some argued that the mission and purpose of the sector is being compromised in what one Chief Executive called the piranha frenzy for contracts.<sup>3</sup> Many disagree. For them, market discipline forces clarity, competence, and a sharper articulation of value, quality and impact that is ultimately to the benefit of service users.



There is truth in both of these statements. But neither position on its own equips the sector for a policy future that will much more overtly blend competition, co-operation and the disruptive influence of increasingly collaborative citizens. So if we have, as Jocelyn Bourgon has noted, a public service system that is “not quite of the past, but not yet of the future,” then what could this future begin to look like? And what could be the role of a voluntary sector that actively shapes it? Here are three possible trends:

## **Services to the Public and Collaborative Citizens<sup>4</sup>**

**1.SHIFTING THE STARTING POINT:** The ‘paradigm shift’ called for in the introduction to this collection should be from ‘public services’, to ‘services to the public.’ This linguistic tweak signifies a different way of conceptualising the state and public services. It means getting outside of the boundaries of today’s silos, and asking how different sectors and organisations can come together for ‘public good’: to support livelihoods and build social capacity. We need to start debating how government at different levels can create the conditions for this to happen. Collaborate’s survey work with Ipsos MORI shows that around 75 per cent<sup>5</sup> of the public see government as having a significant role to play in supporting them to sustain a good career, find a decent place to live, and manage living standards. Yet in these areas where government is one actor in a complex market, our focus needs to be on managing the root causes of demand through building new cross sector collaborations. The voluntary sector must play a core role at the citizen interface.

**2.PUSHING FOR A REAL SOCIAL MARKET:** We need to balance calls to shore up the unique value and independence of the voluntary sector with the operational reality of shifting boundaries and increasingly blurred lines between business, government and society. Calls for charity leaders to be more entrepreneurial, impact-aware and competitively adept, require them to find a balance between these positions, blending market discipline with robust values and an absolute focus on service users and communities. We need to highlight those doing this difficult job well as an exemplar for the wider market, and not only within public procurement frameworks. Any business that has significant market share (and therefore equally significant patronage from the public) should have a concurrent social responsibility. If not, we continue to ‘socialise the risk’ and ‘privatise the rewards’ of productivity and growth, as Mariana Mazzucato<sup>6</sup> has argued. The voluntary sector should absolutely be at the vanguard of this push for a real social market competing on added social value and productive public good.

**3.BUILDING RELATIONSHIPS WITH COLLABORATIVE CITIZENS** - The future role of the voluntary sector in public services is not just to provide services, but to build the relationships and the platforms that enable us to meet local needs and build social capacity in different ways. Who will generate the insight into citizens lives that could

consistently improve commissioning? Who can work with complex needs and broker relationships between isolated individuals and the wider world? These are roles that the voluntary sector already plays consistently well, but we need to enable it to do it better. Indications are that current policy agendas such as payment by results and subcontracting can do the opposite if we are not careful. If we don't value and invest in the voluntary sector to build social capacity 'in the round' and for the long term, then any amount of sophisticated delivery mechanics and policy wonkery will fail.

## The sector as an engine of change

The role of the voluntary sector will continue to evolve in line with changes we are seeing across the public realm, yet it must arguably play a bolder role in the engine room of change. Getting beyond delivery means judging services by the extent to which they inspire the public to meet their own collective needs - not by getting out of the way in a fantasy big society, but by playing an active, supportive and fundamentally human role. Collaborate's data (supporting other recent research) indicates that our current structures are pretty poor at doing this.

Only 14 per cent of people we surveyed earlier this year said they have an influence on the services they receive. Yet voluntary sector organisations generally feel very confident in their ability to get close to the concerns of individuals and communities - itself one consequence of independence and social mission. Any shift in the role of the sector must actively engage with this dissonance and ask how we can move the point of reference from service delivery to understanding citizens and reshaping demand. This can only happen if organisations project independence, practice collaboration and focus their innovation and resources on the public. Then the paradigm shift we want to see might really start to happen.



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<sup>1</sup>*Managing Demand: Building Future Public Services*, Kippin, H and Randle, A, February 2014.

Online at: [http://www.collaboratei.com/media/5505/RSA\\_Managing%20Demand\\_Final.pdf](http://www.collaboratei.com/media/5505/RSA_Managing%20Demand_Final.pdf)

<sup>2</sup>*Beyond Big Contracts – Commissioning public services for better outcomes*, Crowe, D; Gash, T; and Kippin, H, January 2014. Online at: <http://www.collaboratei.com/media/4617/Beyond%20Big%20Contracts%20Report.pdf>

<sup>3</sup>Collaborate has recently conducted a range of high-level interviews across the care and support sector in Scotland.

<sup>4</sup>*The Collaborative Citizen' Report 2014, 1st Edition*, Collaborate CIC, April 2014.

Online at: <http://www.collaboratei.com/media/8174/COLLABORATE%20-%20The%20Collaborative%20Citizen%20-%20Report%202014.pdf>

<sup>5</sup>*The Collaborative Citizen' Report 2014, 1st Edition p. 16*, Collaborate CIC, April 2014.

Online at: <http://www.collaboratei.com/media/8174/COLLABORATE%20-%20The%20Collaborative%20Citizen%20-%20Report%202014.pdf>

<sup>6</sup>*The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, Mazzucato, M, Anthem Press 2013

# From welfare state to a welfare society: the German ‘insider’ or Swedish ‘outsider’ model?

Rebecka Prentell & Anna Ardin



Is there a good model in any European country for the voluntary sector and the state working well together without threats to its independence? In Sweden we have been looking at other countries to find what works, as governments look to the voluntary sector to help them redesign welfare that works. There are choices to be made between working ‘inside’ the system as a ‘critical friend,’ or ‘outside’ as a critical voice.

## From welfare state to a welfare society

Across Europe, the voluntary sector is being expected to take on more welfare functions as a result of political and financial pressures and an ageing population. Many Swedish non-profits feel society expects them to assume a heavier responsibility in welfare. And not just as a professional performer, but also on a voluntary basis. However, it is important that everyone is agreed, including the voluntary sector, that this brings genuine benefits. A major concern, if the voluntary sector does work through contracts on behalf of the state, is that its critical voice will be lost.

## Germany as a model?

Germany is sometimes said to provide a model, but we need to be cautious. In Germany, the voluntary sector is already a major provider of welfare services through state contracts - but in the context of a very different social contract and a long history of the sector taking on this role. Under the ‘principle of subsidiarity’ (decisions made or assistance provided at the ‘lowest effective level as possible’) individuals and the family accept much greater levels of responsibility, for example, for looking after older family members. If one has family, they have a direct legal responsibility to meet the costs of care. Since a care facility can cost up to the equivalent of 4000 Euros per month, women, as bearers of the greatest responsibility for the care of the home, more seldom work full-time in Germany relative to Sweden. Another way to resolve family care responsibilities is to hire (low wage) staff. This has implications for three of Germany’s main welfare challenges: an ageing population, an increasing proportion of the population in informal and low-paid jobs, and increasing poverty, particularly among children and the elderly.

According to voluntary organisations working through contracts on behalf of the state in Germany, they still retain their critical voice, though they do appear to have become larger and more corporate companies than comparable organisations in Sweden.

Approximately 30-50% of welfare services in Germany are produced by civil society organisations (depending on the type of welfare), but it varies between regions, and the share of private commercial actors is rising. Civil society has historically had a strong position in the production of welfare historically. The closest to those in need of help are the ones who should take responsibility first, such as family, neighbours, associations and churches. This has served as a way to reduce the state's power over people's lives, which has been strong in Germany since the 1930s.

State actors are engaged in, for example, healthcare to a lesser extent in Germany than in Sweden. Instead, more non-profit organisations operate hospitals, nursing homes, clinics, and have several million employees in Germany. The Catholic principle of subsidiarity has (since the mid-1800s until the 1990s) given six major organisations priority for new contracts and funding from the state.

### **The Swedish model: voluntary sector delivery of public services now growing**

Swedish policy has, in recent years, begun to focus more on non-profits as providers of welfare services, partly an effect of the neoliberal wave since the 1980s. For example in this excerpt from the Government Bill 2009/10: 55, "A policy for civil society. It reads:

*"The entrepreneurship of the civil society has great value the development of our welfare and should be promoted. The government has in different contexts expressed its intention to support the emergence of a much greater diversity of providers of community services. Civil society organisations are to compete on equal terms with other parties that perform such services."*<sup>1</sup>

One can thus see that a variant of the principle of subsidiarity came to Sweden due to political interest in decentralisation, increased choice and a greater diversity of providers. This is something new. As Lisa Kings, a researcher at Södertörn University, describes it:

*"In a Swedish context, the role of civil society organisations as welfare producers have long played a minor role. This depends to some extent on that the State taking over a large part of the activities that in other national contexts are still carried out within the framework of civil society or the private sphere."*<sup>2</sup>

How do Swedish organisations view this? Ann Wedin of the Swedish Red Cross tells us the organisation's view of its mission and role in Swedish welfare. "We clearly see a growing interest for us to get involved in various ways," she says. In some contexts, the Social Affairs minister Göran Hägglund mentioned the Red Cross as both a feasible and appropriate provider. We also see an increased demand for volunteer activities.

According to a report from the trade union Vision,<sup>3</sup> nine out of ten heads of municipal social welfare offices claim they will be dependent on the voluntary sector to carry out their legal responsibilities in the coming years. But even if demand from the public has increased, AnnWedin points out that the Red Cross must still make the same assessments, whether or not it would add value to the activities they are embarking upon, based on the organisation's mission. "This consideration is extremely central to our thinking," she says.

As an example of where the Red Cross has something unique to offer, she talks about a centre for torture and trauma injuries. Through the International Red Cross, they have access to great knowledge and a worldwide network; this strengthens the work of this particular group. "Torture is often performed by persons in authority in the countries where victims are from. The result is that those who have been tortured distrust Swedish authorities altogether. Therefore, the Red Cross has an important role to play. We have also worked on these issues for 25 years, both in Sweden and in the areas of conflict where many of those affected come from," she says.

## **Voice or service?**

German non-profit organisations have been publicly financed providers of healthcare for over a hundred years, and both the government and citizens expect them to continue doing just that. What does this mean for their independent voice? Even though German civil society organisations have a much stronger focus on service than Sweden, German providers also tend to combine advocacy with the provision of welfare services. An example of this is Caritas in Berlin. In the spring of 2014, they were heavily involved with a group of asylum seekers who had pitched a tent camp in the centre of Berlin - in conflict with the city. Caritas was involved both in finding a shelter for them and pursuing the issue of migrants' rights at the political level.

Annette Leis-Peters, a researcher in sociology of religion at Diakonhjemmet in Oslo, Norway, has compared two diaconal institutions from the 1880s until the 2000s, one German and one Swedish. The two organisations began with fairly similar conditions. However, the German organisation was able to grow due to the public commissions it received and currently has approximately 2500 employees.

In contrast, the Swedish organisation shrank in the '60s. In the Swedish organisation, there was a strong internal motivation to not be a part of (or do) what they felt the public sector should do. They wanted to be a critical evaluator of the public sector and, at most, fill the gaps. According to that Swedish perspective, this was the best starting point: not being a part of the activities, but providing a critical voice for the groups they represented.

Annette says that, in Germany, large organisations can combine providing health and welfare with an advocacy role. She argues that the role of the provider does not exclude the role of advocacy, as many in Sweden believe. German organisations even consider it to be an advantage to have an insider perspective when commenting, criticizing and in other ways giving a voice to their members and target groups.

### Insider or outsider?

Annette says that whichever perspective the organisation chooses - internal or external when working with advocacy - it is important that the debate is conducted in-house first, based on the organisation's objectives and role. Can the leaders give good reasons for doing what they are doing? Have you chosen consciously between an internal or external perspective, and have you evaluated how this will affect the organisation? The questions are of high strategic importance for any organisation in Sweden, Germany or any other country faced with becoming a player in welfare.



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# Funding fit for purpose



**Independent charitable foundations are key to an independent sector**

Richard Jenkins & Keiran Goddard, *Association of Charitable Foundations*



**The voluntary sector needs a future funding model which is fit for purpose**

Cathy Pharoah, *CASS Business School*



**Trusts and Foundations should support the sector's distinctive contribution**

Debbie Pippard, *Barrow Cadbury Trust*



# Independent charitable foundations are key to an independent sector

Richard Jenkins & Keiran Goddard



It is easy to forget how important the independence of charitable foundations is for the voluntary sector – as funders, allies and agents in their own right. This must be preserved over the next decade.

Perhaps the best illustration of the changing relationship between the public sector and the voluntary and community sector is the dramatic and seemingly inexorable shift in the ‘currency’ of funding for voluntary organisations, from grant to contract. According to the latest NCVO Almanac<sup>1</sup> figures, the voluntary sector derives 35 per cent of its income from statutory sources, 80 per cent of which is now in the form of contracted services, compared to 49 per cent in 2001. That means that the percentage of total statutory income made up by grants has fallen from 51 per cent to just over 19 per cent - a seismic change over a relatively short period of time.

In the absence of a meaningful Compact, this shift to a contractual relationship poses a number of threats to independence. Operational restrictions when contracted to deliver specific services compared with flexible grants that allow time to develop response; reduced ability to highlight service users’ perspectives due to gagging clauses or fear of losing future funding (not to mention the potential chilling effect of the Lobbying Act); and pressures to focus on price and efficiencies of scale over other considerations.

Where do charitable foundations fit in? As charities themselves, they form part of the voluntary sector, but occupy a particular position within it as a source of funding that is completely independent of the state. Increasingly they are by default becoming one of the few remaining sources of grant funding. At £2.7bn, their annual spending-power is small compared with government expenditure – just 0.4 per cent<sup>2</sup>. That said, despite their relative size, they punch far above their weight – supporting innovation, taking risks, backing causes that may otherwise struggle to gain attention and, crucially, providing access to money that does not involve the potential restrictions that state funding may entail.

However, the very resources that allow foundations to operate independently of public sector funding have themselves become the goal of policy-makers’ incursions on the freedom of foundation trustees to decide how best to pursue their charitable objectives. In recent years, as the public pot has shrunk, there has been a heightened focus on

foundation funds. Coupled with a lack of understanding about how the ‘endowments’ – the invested legacies and gifts that charities rely on over the long-term in order to support their day to day activity – function, we have heard wildly unrealistic political aspirations for the part foundations might play in bridging gaps in public welfare provision. This is not only problematic for foundations, but also for those charities which benefit from their funding and the independence it affords.

So, when public expenditure began to fall the government proposed a minimum percentage spend for foundations that, given the expectation of long-term low investment returns, would have put many organisations out of business in a generation. In fact, ACF research showed that as the recession bit, 80 per cent of foundations maintained their spending rates and 5 per cent actually increased them<sup>3</sup>. Further research<sup>4</sup> has also shown that, despite a fall in income of around 10 per cent, foundation giving to charitable causes grew by £271 million, highlighting the adaptability and resilience afforded to foundations by their asset-base. The independence foundation trustees have is what allows them to fund ‘counter-cyclically’ in times of elevated need, while still maintaining the flexibility and, in some cases, the duty, to meet the needs of future generations.

Another example of trustees’ independence being threatened came in the shape of foundation endowments being mooted as a low-hanging source of capital for social investment, despite the fact that foundations already making social investments reported that what stops them doing more is a lack of suitable deals. In fact a number of foundations have played a key part in building the social investment market, far-sightedly providing both grant funding and capital to test the concept and build the infrastructure necessary to enable a wider range of players to invest money for social ends while generating a sustainable financial return. ACF research<sup>5</sup> shows that foundations that are involved in social investment are providing genuine risk capital for social purpose organisations at key stages in their development, when commercial or even public sector investors may be unwilling or unable to lend due to perceptions of elevated risk.

What these illustrations highlight is that perhaps the greatest risk that foundations, and the wider voluntary and community sector faces, is ignorance.

The last decade has seen a shift in the way the state operates – a good example of which is the fact that increasingly central government formulates its policy informed not on advice from established in-house civil service experts but from teams drawn together on a project-by-project basis. It may well be more efficient, but when teams break up and individuals move on, it increases the risk of amnesia.

Policy advisers, and by extension ministers, are in danger of failing to grasp the unique and particular value the voluntary sector brings to society and the place of independent foundations within the wider funding ecology – what makes them thrive, what constricts

and suffocates them. Instead policy makers attempt to recruit civil society organisations wholesale to the current administration's latest technocratic innovation.

Because it no longer fully understands it, government risks neutralising the passionate and plural, engaged and argumentative independent voluntary sector that has contained and shaped British society's values and aspirations just as much as our formal political structures. And with a good number of ACF members created even before Magna Carta was signed, one might even argue that in some cases socially useful voluntary action predates parliamentary democracy, never mind the Welfare State. Is now really the time to suffocate independent action and giving?

The state is forever in danger of killing the thing it loves, and foundations are one potential example. Policy makers see only the money, yet foundations, with their overriding emphasis on their charitable mission, add far more than just financial value. Trustees creatively use their expertise, reputation, convening power, networks and intellectual resources in the service of their specific charitable aims – ranging from ground-breaking medical research to work with society's most marginalised. Foundations also have time. Unlike most other types of funder, foundations can work independently of political time-scales, free from short-term market cycles, and counter to received wisdoms, allowing them to weather storms, to conserve social good that is under threat and to catalyse it where it is absent. With public trust in the political system at what feels like a historic low, the need for a robust and independent voluntary sector is arguably more vital than ever. The factors that will encourage or prevent this over the coming years are many and various, but we would argue that a significant and potentially transformative part can be played by foundations. They are an essential ingredient in the rich and fertile loam that society needs in order to seed and support socially beneficial action and change.

At their best, foundations are the most transparent, intentional and efficient way of transforming private wealth into public benefit. Policy makers have an important role to play in ensuring that foundations continue to thrive as something distinctive to state funding and state-supported action – a role we sincerely hope they both understand and support.



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<sup>1</sup>Kane, D. et al. *The Civil Society Almanac*, NCVO, London. 2014.

<sup>2</sup>Pharoah, C. et al. *Giving Trends Top 300 Foundations 2014 Report*, ACF, London. 2014.

<sup>3</sup>*For Good and Not For Keeps: How long-term charity investors approach spending on their charitable aims* Jenkins, R. and Rogers, K., ACF, London, 2013.

<sup>4</sup>Note 2, *ibid*.

<sup>5</sup>*Research Briefing: Charitable trusts and foundations' engagement in the social investment market*, Jeffrey, N. and Jenkins, R., ACF, London, 2013.

# The voluntary sector needs a future funding model which is fit for purpose

Cathy Pharoah



Unlike profits in the markets, funding in the voluntary sector is never an end in itself. The biggest challenge for future voluntary funding is not its amount, growth or sustainability. It is whether the funding model is fit for purpose. Funds are only the means to achieving greater social value, to enabling voluntary organisations to achieve their missions. How does the future economic model for this shape up?

Voluntary organisations receive £16 billion from private donating (individuals, charitable foundations and companies), and £3.3 billion in total tax reliefs each year. This is the 'premium' that government and the general public pay for charities to provide services where public and private sector often fail - protecting the most vulnerable, reaching excluded or neglected need, building citizen involvement and healthy communities, and widening access to opportunities in all social endeavours. This is the sector's 'added social value'. Government grants, fees and contracts for services represent the other chunk of sector funding - almost 100% in many organisations. And the door is now wide open for voluntary organisations to win more. But this involves entering an increasingly competitive market place of private, public and voluntary providers. The voluntary sector's 'unique selling-point' is its potential for adding social value, but the sector is increasingly expected to be 'all things to all men' - delivering services more efficiently than the public sector, more cheaply than the private sector and additionally building sustainable, just and democratic social change. Not only are the demands great, but the funding model which is emerging to underpin this appears fragmented and lacking in coherence.

I will focus on one illustration here, the potential tension between the principles of Full Cost Recovery, and those of the Social Value Act. On the one hand, Full Cost Recovery is seen as a central plank of better sector funding. The viability of voluntary organisations will, in large part, lie in more efficient pricing and charging (as in the private sector). In its Full Cost Recovery guidance around statutory procurement the National Audit Office states clearly that *'If the provider is a charity, you must not expect it to subsidise the cost of your programme from donations it receives ...and its unrestricted funding.'* However, the Social Value Act introduced to help voluntary organisations win contracts may potentially lead them into doing just that. They will seek to build into their offer 'added social, economic or environmental value'. Few aspects of such additional social value do not have a cost to organisations – whether supporting intermediate labour, managing or

training volunteers, improving services (for example, adding social support through meals-on-wheels or housing provision) , 'greener' working practices, or greater compliance. To remain competitive, they may call on unrestricted funds to support such costs.

There are significant areas of vulnerability for the sector here. One is that the social value policy may backfire on voluntary organisations. There is a major drive now, with the opening of the Social Value Portal, to itemise components of social value. Isn't it only a matter of time till the quantifiable items are 'commoditised' as part of contracts, monetised by the private sector in the race to win, with the largest organisations in the best position to offer competitive prices because of the economies of scale they can introduce? Not to mention their capacity to acquire investment in new practices.

Another risk is that the kinds of added value most likely to be attractive to commissioners will be precisely those items which enable the commissioners to make savings elsewhere, as overall budgets are unlikely to increase. The effort to address commissioners' further priorities may place constraints on the freedom of organisations to use their resources in other important ways. And what about donors' expectations around cross-subsidising services through donations of time, or money? The emerging sector funding model is only workable by presuming a convergence of goals between statutory providers, donors, and voluntary organisations. The whole issue of the sector's 'independence', its ability to go where government and private sector cannot, loses its salience.

Finally, meeting social value targets could even prove a huge distraction from focusing on high quality direct service delivery. The most important requirement, or priority for voluntary organisations which choose to take on service delivery contracts, is to provide often vulnerable clients with the best possible services. The 'fit for purpose' test is whether organisations can do this.

Smaller organisations face particular funding challenges of their own. It is clear that some larger organisations are benefitting from the new architecture of income generation which has emerged over the last decade. The sector has proved attractive and fertile territory for new government contract initiatives, technology/new media developers and new finance providers over recent years. ICT-based fundraising, contract growth and a host of new enterprise-based forms of social finance, including grants and venture philanthropy, loans, loan guarantees, patient capital on customised terms and social investment bonds are now firmly embedded in the sector. But how can smaller local organisations build bridges to such new income opportunities unless they are funded to make this transition?

In many deprived areas where resources are lowest and needs highest, government funding has played the major part in shaping the development and growth of voluntary services. All the evidence suggests that when funding is cut smaller organisations prioritise front-line service delivery at the expense of activities like fundraising, training and new business development. This leads to a vicious cycle in which, without adequate fundraising

resource, income falls further. Unless smaller organisations are better supported through transition, and there is a shift towards core and infrastructure funding, sector services may weaken in the localities where they most need to be strengthened. Some major charitable funders recognise this danger and are re-prioritising core funding. Statutory funders must follow suit.

Core support needs to be at the heart of localism policy, which should also aim to help build the local donations market-place. Local organisations increasingly need to find philanthropic alternatives to statutory support. While local people see the problems of their communities every day, they often lack easy, attractive access to information about needs and how to help. This gap is one which governments and local authorities could help plug, particularly through investing in more dedicated web and social-media based local information and communications.

Local organisations are particularly well-placed to make use of crowd-funding approaches. These are not new but follow a long tradition of community-based fundraising, the backbone of thousands of independent little organisations today. There have been some spectacular recent examples of individuals crowd-funding for projects close to their hearts, but crowd-funding can also be used to support more ambitious local projects and facilities, attracting small donations as well as major social investments and contributing to community ownership of local assets. One great advantage of local philanthropic funding is that it can bring communities together, embed voluntary activity and give organisations the freedom and resources to pursue their mission.

The diversity of the sector means that different organisations will reach different tipping points in the balance of their funding, and make different choices about what they want to offer. Not all have to be the same. The most important sustainability challenge is not necessarily for individual organisations to diversify their funding, but for the sector's funding as a whole to provide sufficiently diversified and differentiated means for a wide range of activities. While charitable foundations and other major donors may partner with government or play a role in policy innovation such as social investment, they should not converge on private or public sector funding models around enterprise investment or efficiency. The independence of grantmaking foundations is a key building-block in maintaining the sector's diversity, and its ability to develop funding models which are fit for purpose.

The voluntary sector is much more than just another provider in the basket of consumer choices, and funding alone is a poor indicator of its health. It needs a strong, strategic public vision of how to build its funding infrastructure, and maintain the funding diversity essential to its mission.



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# Trusts and Foundations should support the sector's distinctive contribution

Debbie Pippard



Over the next decade, Trusts and Foundations could play an important role in ensuring the distinctive contribution of voluntary organisations is recognised and encouraged.

While Trusts and Foundations share a function – that of providing funding for social good – they are very different in their modes of working. As the old joke goes, “when you’ve met one funder, you’ve met one funder.” And the ways in which they can protect the contribution of the voluntary sector over the next decade is as varied as the Trusts themselves.

Each Trust has its own distinctive model, and each model can be a way of supporting a vibrant and independent sector. Small funders working in a specific geographic area will have deep relationships with local organisations and individuals. They will have a great understanding of their community, can take an overview of developments and be a critical friend. They will know the best – and can fund accordingly. Local funders are also well placed to build capacity and skills in key organisations and individuals. In the coming period the traditional skill set will be needed: governance, people and financial management, fundraising and planning. But organisations may also need help to adapt as the world changes. We are very unlikely to see a return to old style grant making by the statutory sector. Ideas such as co-production will be increasingly important, while the power of social media to connect people and to campaign for change have been enthusiastically adopted by some, while others are less confident.

Larger funders often focus on new ideas or on best practice. Their wide interests and helicopter view enables them to spot promising new developments. They can support independence of thought and give organisations the freedom to test new ways of working. They may be in a position to help bring ideas to scale through funding evaluation or brokering links. As is the case with smaller funders, they can use their knowledge and resources to build capacity and capability. Larger funders are also in a position to spot gaps and work strategically with others at a national level, bringing scale and focus to particular areas where the distinctive contribution of the voluntary sector has potential to solve problems, identify new ways of working, or build communities to create change.



The model of working followed by the Barrow Cadbury Trust is to work with others to create systems change. It is a model that is perhaps particularly suited to a Trust of our size. We have a spend of about £4 million per year, which is not enough to make much difference through the provision of direct services, but enough to fund an evidence base, evaluate new approaches and to support campaigning. Ensuring that the voice of those further from the sources of power are heard in the policy debate runs through the work we do, and of course one of the distinctive features of the voluntary organisations that are rooted in their communities and know the assets, needs and ideas of those communities are the only organisations that are able to do this.

Funders can protect and promote the independence and distinctiveness of the voluntary sector in many ways. The following seem particularly pertinent at the moment:

1. Endowed funders are in a uniquely privileged position by virtue of having independent means. Many organisations are worried about speaking out because of their dependence on funding from those they wish to criticise. We can speak up where others cannot; we can also support advocacy organisations to remain entirely independent of state support – and it is essential that we retain such organisations if we are to have a healthy democracy.
2. Keep some of our funds back so that we can support leaders. As pressures grow and budgets shrink, voluntary sector leaders become ever more thinly stretched. We can fund training, mentoring or other formal support, or can use our convening power or funds to give them time and space to think and reflect, alone or with peers. Funding a retreat to provide protected time for a group of leaders to review and plan can have long-lasting effects for the individuals involved, their communities and whole sectors.
3. Work in partnership with others. The problems we are trying to solve are complex and no organisation can do it alone. We can join forces with other funders and with our grantees and can encourage them to work with others. Working in partnership can create critical mass; it can also protect independence through mutual support and co-production of solutions.
4. Think in the long term; we have the luxury of time. Whether working in three, five or ten year cycles we can look beyond the political cycle, support causes that have fallen out of fashion and enable organisations to be independent of passing trends.
5. Consider where funding core costs fits in our funding models. Where is full cost recovery (or something similar) the best approach, are there circumstances where we should give a grant for core costs to protect essential work? As budgets are squeezed, we need to ensure that those we fund have a strong centre – without that, they will wither and die.

Since the financial crash we have lived through a time of rapid change – and it is unlikely that those changes will be reversed in the foreseeable future. Independent trusts and foundations contribute only a small part of the funding for the voluntary sector; but remain a precious resource that can be used nimbly and flexibly to enable an independent sector to seize opportunities, or can be patient, staying with a problem to create change over the longer term.



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