

'Beyond the Big Society'

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Annual Public Lecture, Charity Law & Policy Unit, School of Law and Social Justice, University of Liverpool.

12 February 2015

Introduction

Here to talk today about these times and what we are doing to move forward.

In particular, I would like to explain why I am confident about the future of the voluntary sector, notwithstanding the challenges we face.

This optimism may come as a surprise, given the increasing criticism that the Big Society has failed, and in particular that it has failed to establish a strong partnership with the voluntary sector.

Is the Big Society dead?

Many of us would be forgiven for asking 'what happened to the Big Society'. The days when it was mentioned at every drop of a policy seem long ago.

The idea was initially heralded as a radical new form of relegating power from higher-up government structures into the hands of smaller local communities and individuals.

But it also received considerable criticism, particularly from parts of the sector, and four years later many have lamented that it has been largely abandoned.

Many in the voluntary sector fret that the absence of a 'narrative' for the sector signals a lack of interest in what voluntary organisations can contribute to society and, in turn, the administration taking power in May 2015.

I have a different view.

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.

And I agree that the government's ambition lacked a clear narrative on the role of charities in the economy and society. This was one of its major flaws.

But I can't but help think that reports of the sector's imminent demise 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.

And I think reports of the death of the big society have been greatly exaggerated.

Even though few still speak of the 'Big Society', it has served as an important step towards envisioning a more socially active and responsible society.

The ambition to give communities more power and control over their own lives continues to drive the agenda in government. The potential of recent legislation on localism and on social value is slowly being realised.

The pace needs to pick up, but we are heading in the right direction. The introduction of the gift aid small donations scheme is a promising start, and, provided some of its restrictive rules are reconsidered, could make a meaningful difference to small organisations. The 'heroism bill' currently going through its last stages in Parliament may have limited effect in practice, but it sends a clear message about the value placed on voluntary action.

Furthermore, a host of programmes that are now in existence have stemmed from the Big Society political ideology. Noteworthy examples include developments that were not necessarily top of Cameron's Big Society hit list: personal health budgets, the NHS Right to Request, the Community Right to Challenge, the 'Our Place' fund, the Community Organisers Programme, the Social Value Act, Social Impact Bonds (SIBs), Innovation in Social Action, and Open Data.

I think the Conservatives were on to something, the problem is that they never articulated it very well, and they never thought properly about the policy implications.

The 'brand' of the big society is toxic, but the idea of a smaller state and a bigger society is still there.

I think Labour is coming round to the same idea.

Indeed, over the last year I have seen growing support on both sides of the House of Commons for people-led movements such as community asset transfers and spin-outs of public services – both part of the big society concept.

And now we have people like Jon Cruddas, the Labour Party's big thinker, talking about 'One Nation Labour' as:

"Doing politics in a new way. Not the old top-down transactional politics of doing things to and for people. But a bottom-up transformative politics of the common good that gives people the power and responsibility to take more control of their lives, their work and their communities."

So it is likely, if not certain, that the successive government will continue to drive these ideas after the election.

There are compelling reasons: people expect more control, governments can only deliver more with less if there is the involvement and support of wider society, and democracy can only be revitalised by sharing more power.

So civil society is going to get bigger, not because it will get more money from government.

Government can only do so much. The government will no doubt say it is doing what it can, particularly given the fiscal constraints it must work within.

I think we will be expected to look less to the government to address our problems, to look to ourselves if we are to renew ourselves and move forward. I can't but help think that it is what we do to help ourselves that increasingly is what will matter.

And civil society is going to get bigger by virtue of citizen action.

This does not mean complete retreat by the state: citizen-led structures will often need enabling from the state.

If policy-makers think civil society is going to play a wider role, they need to create structures to encourage that growth. That's the process we want to focus on over the next three or four years.

NCVO's Manifesto and our work around regulation

Our Manifesto for the Voluntary Sector (launched in May last year, exactly one year before the General Election) sets out what we believe are the key steps in that process.

It was built around the concerns of our members. It was them who told us that they can make a bigger difference to solving the challenges the next administration will face.

Our manifesto presents solutions, not problems. It encourages the next government to make the changes we need, so that we can all contribute towards the better society we want.

Growing an economy that benefits all parts of society; providing opportunity for those furthest from the mainstream; building sustainable public services that meet people's needs; and enabling people to make more of a difference in their community and to the causes they care about.

That is what we are all looking for, politicians especially, and it is what the voluntary sector excels at.

But there's also realism among voluntary organisations about the constraints faced by the next government. With money still tight, we must be realistic about the spending constraints the next government will be operating within. If anyone imagines that a different administration next year means the public spending tap will be opened up, I'm afraid they are mistaken.

So, the main focus of NCVO's manifesto reflects our members' belief that changing how government uses its resources and works with voluntary organisations and the volunteer movement is more important than calls for particular spending programmes or support for the voluntary sector per se.

What we suggest is a fundamental rethink of the way government works, to ensure it is more effective in its approach to the economy and jobs, public services and enabling people to make a difference in their community.

Our focus is on ways for the government to do more with less and to save money in the long term: increasing spending on early interventions, commissioning for social value, and public services informed by the needs of their users.

One of our most important calls is to make a tangible shift in the focus of government spending towards early intervention – dealing with problems at their source rather than picking up the pieces later on. At the risk of raising expectations, it seems like there's a real momentum getting behind the focus on early intervention, in particular thanks to the efforts of the Early Action Task Force. The next election is hopefully an opportunity to turn this into an unstoppable force. Early intervention is one of those ideas so wonderfully simple that it seems difficult to understand why we don't do it more. We hope that proposals to set minimum targets for the proportion of spending on early intervention, to set a 'ten-year test' for measuring the impact of spending (to encourage long-term decisions), and to establish a loan fund for public bodies that want to establish more early intervention initiatives, will go some way to shifting the way government works.

Social value commissioning will also mean that public services will deliver better value for money.

The Social Value Act enables commissioners to think beyond the narrow confines of a contract to take into account, for example wider social benefits such as employment opportunities for those furthest from the labour market.

The Act was supported by all parties and is a step in the right direction. But it's still early days for social value and there is still much to do in order to embed the cultural change we aim to achieve: so, our proposals to establish a Centre for Social Value to support commissioners in making use of the Act will, we believe, deliver more joined-up thinking in commissioning and make public spending work harder for local communities.

We're also proposing that the next government carries out a major review of public service markets, to consider whether they are fit for the future and how voluntary organisations can play a greater role in local services and their local economy.

We believe that these are real alternatives to salami-slicing budgets, payment-by-results contracts, and harsher eligibility requirements. And we will continue to argue that voluntary organisations are a real alternative to the suppliers that are too big to fail.

We will continue to press the next government on working more with voluntary organisations and the volunteer movement, to help us achieve our greatest potential. And we will continue to remind them that potential is best achieved through partnership: empowerment is not abdication of responsibility.

Our other programme of activity centres around regulation and the Charity Commission.

Up until the New Year, we were closely involved in the discussions around the draft Protection of Charities bill, which as you probably already know proposes a series of new powers for the Charity Commission.

I gave evidence to the joint parliamentary committee chaired by Lord Hope of Craighead, and expressed my broad support of the intention

behind the draft bill, to equip the Commission with a broader range of tools to rectify and prevent non-compliance.

But I also raised my concerns about the lack of proper safeguards. Action by the Commission can have a significant impact on those affected by its decisions: not only the individuals directly concerned, but also the charity, and those connected to the charity and benefiting from its services.

Ultimately NCVO firmly believes in the importance of a competent and adequately resourced regulator, able to act effectively and fairly with the appropriate powers.

But any additional power granted to the Commission requires a relationship of trust with the sector it regulates.

The presence of an independent regulator for charities with expertise in the sector is essential for ensuring compliance with charity law and regulation.

Any perception of the Commission acting in a way that is not in pursuance of its duty to protect the public interest in charities, could have a detrimental impact on both the effectiveness of the powers and levels of public trust and confidence in charities.

That is why we are currently conducting a review of the Charity Commission's governance structure and its board appointments process.

It is eight years since the Commission was restructured under the Charities Act 2006, and while that legislation did much to improve charity law, its reforms to the Commission's governance have created some new problems.

The revised structure replaced a small board of Commissioners comprised of lawyers and civil servants with a more diverse board, with the intention that the Commission would become more responsive. In doing so, the law opened up the pool of potential Commissioners for the government to select from. Subsequent boards, and particularly chairs, have been subject to the accusation that as appointees of the government of the day they are in some way politically biased. One does

not have to accept that these accusations have any merit in order to see that they can be damaging.

If the charity regulator is perceived to be political, it has the effect of casting a shadow over charities more generally. It is damaging to charities' long-term interests for there to be any doubt about our distance from party politics. We cannot afford for our regulator to be anything other than beyond all suspicion.

Our aim is to find ways to make sure the regulator can put questions about its political neutrality to rest for good. We want to ensure that the Commission can never again be accused of political bias in its work.

Of course, questions of governance go hand-in-hand with the issue of the Commission's funding. Any funding mechanism for the Commission, including the current one, has the potential to raise questions about the Commission's independence from government on the one hand and from the charities it regulates on the other hand.

This was confirmed during a roundtable meeting that NCVO recently hosted to discuss all the options for the Commission's financial future, including charging mechanisms and what the implications of each would be for both the Commission and the sector.

Many around the table expressed a willingness to contribute in some way or another to the Commission's finances, recognising that an effective and well-resourced regulator is essential for public trust and confidence. But they also agreed that the funding conversation is inextricably linked to the way in which the Commission's governance is structured.

To put it bluntly, if charities are paying something towards the Commission, they will want some evidence of its efficiency and governance. And any change in the balance of funding inevitably raises the question of why the appointments of chair and board members should be ministerial appointments.

As well as an independent regulator, we need one that has the funds necessary to be effective. Again, it could damage our sector's reputation if charities are perceived to be ineffectively regulated.

It is clear to me that reforms to the Commission's financing or governance cannot be made in isolation. Changes to either aspect would affect the other and would need to come as part of a package of measures to strengthen the Commission. I hope we can come up with proposals that would together enhance the Commission's independence, accountability, and financial security.

I wish to emphasise that this is in no way a criticism of the Commission's current board or staff. They are operating under a framework created for them by others. The Commission's structure is defined by statute and its operations are constrained in many ways by central government, which sets its budget.

The staff of the Commission is working hard at a time when the attention on them is growing and their budget is shrinking. And overall I think that the strategy currently being implemented – focusing on regulation and preventing malpractice and abuse – is the right one.

On a slightly different note, over the following months we expect to play a key part in the review of the Lobbying Act led by Lord Hodgson. We want to make sure that the experiences of our members during the regulated period of the Lobbying Act are fully considered in the review, and particularly whether the rules have had a chilling effect on charities' ability to campaign.

We also intend also to analyse the Commission's CC9 guidance on campaigning and political activities. This is a respected and greatly valued document, used by trustees and campaigners in all their planning and activities.

But the environment in which charities operate and campaign is very different to what it was in 2008, not only because of the Lobbying Act and its implications for charity campaigning, but mostly because we are witnessing a much more scrutinising and questioning attitude from the media and the general public, not to mention politicians.

In particular, we are seeing increased hostility towards charity campaigning, with some expressing concerns about charities taking on too great an involvement in political activities.

Reputation and Changing perceptions

The scrutiny to which our sector has been subject has grown steadily. Although it has often been uncomfortable, I cannot tell you that I think there is anything wrong with this in principle. It is right that organisations in receipt of billions of pounds from the public, whether through donations or public contracts, are scrutinised.

I would hope that such scrutiny is exercised responsibly and fairly, and it is unfortunate that this is not always the case. But in today's world, with evolving expectations and the quickening churn of online media, all organisations are subject to ever greater analysis and we must be able to deal with it effectively and with integrity.

We need to find it within ourselves to deal with this – even, or especially, when it is difficult. We cannot look to anyone else to help us. I believe that a mature voluntary sector sorts out its own problems and supplies its own solutions.

It is with this in mind that NCVO established an inquiry into senior executive pay last year, which recommended higher standards of openness. And it is with this in mind that we have recently published for consultation draft recommendations for charities on how to maintain and uphold their independence and political neutrality, particularly when carrying out their campaigning and influencing work.

We know that these are controversial issues, and difficult questions. But we have set ourselves a challenge: our ambition show the gold standard in engaging with decision makers and the public. Operating to high standards, and being seen to do so, is the surest way of holding on to the trust the public put in us. We cannot ignore the fact that a section of the public feels uneasy about some of our activities to generate income, whether fundraising methods or investment decisions.

The public doesn't necessarily see charity as the only vehicle for doing good.

But charities strike a balance every day between the activities that generate the resources their beneficiaries need, and the integrity that is equally crucial to their work. More and more attention will be focused on these judgements in the future.

Again, I strongly believe that transparency is necessary and desirable. We need to strengthen our communications about how and why we make decisions such as how to fundraise or who to work in partnership with. And, amid limited public understanding, we need a stronger story about how modern charity works.

Much of this story depends on the definition of charity itself, and whether it fits with the concept of charity.

Do the underpinnings of the current definition remain sound? How are they enforced and how well are they understood by the general public?

The road ahead

As we approach the next election and working with a new government, it is perhaps the time for us to ask ourselves some even more fundamental questions about our own future.

What is 'charity' as we move forward?

What is the voluntary sector for?

Where can we make the biggest difference?

Should volunteering play a bigger role in the provision of services?

And if we are to play a bigger role, how should that be resourced?

I think these questions, and other fundamental issues regarding our values and identity, have underpinned many of the challenges of recent years.

Notwithstanding these and other challenges, I am confident about the future of the voluntary sector and its essential role in society for the long term.

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.

The exception to this 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, combined with an ageing, atomised and more demanding population might well point to more radical solutions to managing (and reducing) demand for public services, with greater community involvement in the services we use.

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, microfinance 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, instead of upwards to government funders.

More contentiously, we might be seeing a sector that is more interested in sharing assets than owning them, 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 organizations 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.

Our country has long relied upon a civic core of volunteers and donors who have given a disproportionate share of total time and money, and there is evidence that the current cohort of young people are even 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'.

This however does bring a challenge. We have long noted the blurring of boundaries between the public, private and voluntary sectors, with resultant challenges of distinctiveness and values.

And this new generation is 'sector agnostic': it doesn't care which sector it works in, and may even find the notion of sector old-fashioned, it just wants to 'make a difference'.

So our challenge is to demonstrate that charities, voluntary organisations and community groups are the best way to make this difference.

And here again, I am optimistic that we can succeed. I encounter a small but growing number 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.

Conclusion

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 look to the future.

If there is one certainty for 2015 it is that no one can confidently forecast the outcome of a general election. Whatever the composition of the next administration, I hope that in the run up to May 2015 politicians of all stripes will give greater thought to how voluntary organisations and volunteering can make a bigger difference to the society we will live in post-2015.

There are roles and values that make the sector distinctive: holding governments to account, articulating what a better, fairer society might look like, arguing for a society characterised by social justice, empowerment and participation.

Regardless of whether you give it a name or not, politicians will want to, will need to, draw upon this uniqueness of the voluntary sector.