



CIVIL DIALOGUE:
Ideas for better working between government and civil society

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Introduction to Civil Dialogue

By Caroline Slocock, Director of Civil Exchange

In *Civil Dialogue*, twenty one leaders give their views on how civil society and government could work better together. They offer fascinating individual perspectives and opinions which also add up to a strong, collective message and many powerful ideas.

The benefits of civil dialogue

It is clear that stronger dialogue between civil society and government would bring real benefits to society:

- providing a “deep well” of voluntary sector knowledge and experience to help government solve or prevent difficult problems;
- helping to ensure that public services meet different needs;
- helping to connect government more strongly to society and - as Daniel Harris and Tamsin Cox suggest - increase democratic accountability, through the strong links into different communities that civil society can, at its best, open up to government.

Joyce Moseley speaks for many contributors when she emphasises that voluntary organisations in all their diversity are “a credible partner and a “critical friend” “to any government with ambition to be an enabler for social change.”

A pivotal moment

For many, we are now at a pivotal moment. Without urgent action the future direction could be negative.

This would be damaging to the people and communities served by voluntary organisations, many of whom are already disadvantaged and disempowered. Julia Unwin refers to a new “period of austerity” which could generate a “new social contract between the individual, the community, the market and the state” which is “mean and pinched.” At best, voluntary organisations may “stick to the knitting,” as Lynne Berry puts it, as austerity bites. But David Robinson fears that we could be “starting a cycle of diminishing support for early action” ie action to prevent problems arising or re-occurring, in which many voluntary organisations are engaged. Kevin Curley warns of “the speed of implementation and the front-loading of cuts to local government.” This could lead, as Steve Wyler puts it, to “relationships between the state and community organisations ... becom[ing] more polarised ...” Richard Gutch warns of one scenario in which “voluntary organisations become hopelessly overstretched and unsustainable through reductions in their funding and an unrealistic assumption that voluntary effort and income can fill the gap.”

Yet there is optimism, even excitement, about an alternative possibility. Julia Unwin’s vision for a new social contract plays to the strengths of civil society and “assert[s] the centrality of the common good.” Richard Gutch can envisage “a radical shift” in which public services are altered through “co-production with service users,” as civil society thrives. In my essay, I express the hope that a new focus on well-being might lead to a cultural “sea change” in which civil society is valued for the way it generates “social wealth.” David Robinson is optimistic that “the conditions are in place for building a society that prevents problems from occurring rather than one that copes with their consequences.” Daniel Harris and Tamsin Cox see the potential for the creation of “truly “democratic dialogue”” about the big issues in which the voluntary sector “may find itself uniquely well positioned to be [the] broker.”

Although the “timing is not great” for the “Big Society,” as Andrew Barnett reflects, he is not alone in thinking that it is a “notion worthy of a considered response.” Steve Wyler, for example, acknowledges that it brings some positive initiatives, with the potential for finding “common causes” and pursuing “a series of positive and creative collaborations.”

Barriers to change

Understanding the barriers is the starting point to realising that positive scenario.

First, there are organisational obstacles. As a number of contributors point out, Government works in silos, while the voluntary sector often works across government institutional boundaries, making communication difficult, especially for smaller organisations. Civil society is also fractured, however: “silo thinking and silo working is a significant issue,” says Dame Mary Marsh. Despite this, civil society is sometimes wrongly thought of by government as homogenous. David Harker emphasises its diversity and says the first step to working with it successfully is to recognise that “there is no such thing as the voluntary sector” which can be treated “as a stage army that can be summoned to deal with a problem.” This very diversity also makes it hard to give voice to common concerns or work in a co-ordinated way.

Cultural barriers exist between the sectors and breaking them down can be difficult. Douglas Board notes that three quarters of Permanent Secretaries have only ever worked in government. Julie Bishop reports that the civil service has in recent years “become dismissive, mistrustful and hostile. One civil servant recently complained: “The arrogance of these organisations undertaking ‘research’ and then expecting us to consider it.”” Sir Bert Massie and others note that the Compact, although still in place, is weaker than in the past and Richard Gutch states that “there are already worrying signs emerging of the sector’s voice being either more muted through self-denial, or being silenced, through the way that cuts are falling.”

Contractual, commissioning and funding barriers are a major difficulty. Nick Wilkie points out “some of society’s most valuable work takes place in profoundly unstable circumstances because non-profits are over-stretched and under-capitalised, “ partly because of inflexible, project based funding tied to short-term, narrow outputs. Often it’s the detail which causes problems: “the history of commissioning is already full of unintended consequences,” notes David Harker. Concerns are voiced that payments by results may squeeze out voluntary bodies which struggle to find working capital; and that social impact bonds, although welcome, are no substitute for government funds. Shankari Chandran remarks on a “cost driven rather than quality driven model ... that creates long term inefficiencies of both cost and quality.” Kevin Curley, amongst others, also notes a “damaging trend amongst commissioners to cut costs by having fewer, larger contracts: a barrier for smaller charities that sub-contracting has not resolved ...”

Finally, a number of contributors remark on the clash of short-term political agendas and planning horizons with civil society’s commitment to achieving long term change. The sheer pace of change is also a problem: Joanna Holmes remarks on “government departments frequently restructuring, hectic policy changes, services being commissioned, elections happening ...”

Making civil dialogue a reality

Many valuable ideas are put forward by contributors for achieving genuine partnership and dialogue, some of which are captured below.

Clarity of purpose on both sides is essential. A key question is articulated by Chris Bath: “Does [Government] want small scale community engagers and advocacy organisations or large scale deliverers?”

Independence must be respected. Chris Bath says that “independence is the foundation for co-operation and genuine partnership,” though he warns that receiving money from government has led to “people being fed what contractors have to deliver, not what they need.” Sir Bert Massie is also concerned about a “democratic deficit” if more public services are delivered outside the public sector, unless the connection between voluntary organisations and the people and communities served is kept uppermost and independence of voice is respected by the government.

New funding and commissioning arrangements are needed, which support value for money and long term social change. Nick Wilkie asks the government to stop targeting symptoms rather than causes and proposes that “government should rediscover character” ie invest in programmes looking at the whole young person, not a narrow

characteristic like knife carrying. David Robinson calls for a progressive shift in the balance of government spending away from acute to early action.

Government must also create the right financial and regulatory framework for the voluntary sector, which includes helping to promote social finance and private giving as well as providing government funding. I suggest a new fund financed by the taxation of “social polluters,” such as the alcohol industry, to be used to reward voluntary organisations that solve social problems. Lynne Berry sees balanced regulation as vital, on which the recent Red Tape Task Force on which she sat made recommendations.

Sharing of experience across the two sectors is important. Dame Mary Marsh calls for “engaged cross-sector leadership” and thinks a good start would be to develop leaders together. Douglas Board also advocates more contact and identifies a hidden resource on which government could draw: the huge diversity of experience of third sector leaders, who have often worked in the public and private sectors as well, providing a natural cultural bridge between sectors.

A new Compact drawing on “what works” is proposed by Julie Bishop, with more sharing of that experience. Contributors point to successful collaborations. For example, Simon Johnson writes of the BOLD initiative, which successfully brought together Advice Nottingham (a collaboration of advice services) and the City Council. Together, they addressed preventable failures in public services, which reduced the average time taken to resolve cases from 100 to 5 days. At the Barton Hill Settlement in Bristol, Joanna Holmes explains that partnerships with the local school and health centre and co-location helped them reach out to people who hitherto fell through the cracks.

Finally, new collaborations and networks within civil society and beyond could help make positive change happen. Andrew Barnett sees an important role for charitable trusts in particular “to look across sectors, to join up otherwise disparate or sometimes competing interests” and help realise the positive potential of the Big Society. Shankari Chandran writes of one such coalition - formed to save South West London Law Centres - which brought in representatives from charitable trusts, umbrella bodies and private sector corporate legal firms and then reached out to engage government - “opening the door to a co-operative dialogue between government and the voluntary sector in a situation that has always ended historically in acrimony and administration.”

“Civil Dialogue” is also a new informal network - mostly of leaders within civil society - which Civil Exchange and DHA hope will continue to grow and extend across sectors too, building strong foundations for genuine partnership and the exchange of knowledge and ideas. In that way, we hope to turn this pivotal moment into a positive one.

Andrew Barnett

Andrew Barnett is Director of the UK Branch of the Calouste Gulbenkian Foundation. He was previously Director of Policy Development and Communications at the Joseph Rowntree Foundation and, before that, held various posts including at HSBC Holdings, the Arts Council of England, and the Foyer Federation for Youth, as well as working for the Chair of the All-Party Parliamentary Group on Homelessness. He is chair of the Novas Scarman Group of social enterprises, chair of DV8 Physical Theatre, and a trustee of Addaction, the UK's largest substance misuse charity, and has served in a voluntary capacity for a number of organisations working in the arts, housing and to address disadvantage.



Putting Trusts and Foundations at the Heart of the Big Society

The American broadcaster Edward Murrow said: *"The obscure we eventually see, the completely obvious, it seems, takes longer."*

The notion of the Big Society is taking time to sink in - possibly because it is, in so many ways, obvious - not least in promoting the myriad of civil society organisations as a platform, in concert with the government, for tackling the many seemingly intractable challenges that the state alone has never been able to solve.

The timing isn't great. Austerity measures are being felt across the country and the pain of readjustment is not to be understated - but this is no reason to reject a concept as relevant in bad times as in good. The call for a Big Society is a notion worthy of a considered response and one which treats society as more than the sum of its parts.

What makes a society is not just the people and the institutions that constitute it but the complex web of connections that link them and the multiplicity of transactions between them. Those connections or relationships generate so much more than the individuals or institutions could produce on their own - and communities suffer when they are not being made. The question, then, is what, as part of civil society, can we do? What is the role of trusts and foundations in supporting this? And what relationship do we therefore need with the state?

The voluntary sector is different, partly because it is not (usually) established by Parliament or by local or central government; its independence is a central characteristic. A voluntary organisation exists because an individual or group perceived a need and set out to meet it. It is - by its very nature - a bottom-up sector. There is no requirement to be involved; people are not participants because they have to be but because of the passion they hold for addressing a cause. That passion, at the heart of the mission of so many organisations, and the closeness to the needs of the beneficiaries, is a major determinant in the quality and effectiveness of the help it provides to those in need.

At first the relationship between voluntary sector and government was one of the lobbyist and the lobbied, usually involving calls for changes in legislation or increased resources. The engagement of the state has certainly allowed for the expansion of good works but it may have led, too, to a change in the nature of the relationship, both for the good and the bad. On the one hand, it has meant that the sector has been taken more seriously; no longer bleating from the side lines but, increasingly, a partner (though not always as equal a partner as we would like) in the

delivery of services. But on the other hand, it has become reliant on rising, and falling, government funding; in some cases, prejudicing its independence and its very survival.

The sector retains - and brings to the table - its understanding of local issues, its sensitivity to demand, and its drive in the best interests of those it serves. But a deeper understanding of the different qualities that both government - whether local or central - and civil society offer is now called for on both sides.

As the voluntary sector becomes a more significant deliverer of public services, the civil service will need to replicate the kind of cross fertilisation of ideas and experience it developed with the private sector, so officials can turn theory into practice and improve the quality of decision-making in government.

The current government has championed the role of philanthropy as part of the Big Society initiative. And, although private donations - whether corporate, by individuals, or from endowed foundations - are never likely to, nor should, replace the proper role of the state, philanthropy, effectively applied, will continue to play an increasingly important part in securing progress and social justice. Philanthropy is both integral and complementary to the role of the voluntary sector - not just by providing the funds without which many projects would never get started, but also because it brings a different set of connections.

So how should we, as trusts and foundations (indeed all donors), respond to the new discourse? For a start, we should assert our independence as bulwarks against short-term political fashion; there should be no knee-jerk reactions from our sector. We should continue to take a long-term view of needs and not subject ourselves to the short-termism so often characteristic of governments and corporates. Our ability to support the unpopular, to highlight important issues, and to give voice to the voiceless is the face of our independence. We have an important role too in providing an overview of sector developments, looking at the bigger picture. We should celebrate the pluralism that diverse forms of philanthropy afford.

But this does not mean we should not be concerned with our effectiveness. More - and better - philanthropy should be the theme around which we can all rally; it should be the overriding aim of our umbrella body. Of course philanthropy takes many forms. Some support the continuance of valuable services to disadvantaged groups, while others take a more strategic approach. Some see themselves as the providers of different forms of social finance. Whichever mode one operates in, we should all be concerned with maximising the beneficial impact the input of our resources can help achieve.

An increasing number of trusts and foundations - the Calouste Gulbenkian Foundation included - practice a further mode of support by championing new solutions which can be trialled, adapted and then replicated or scaled. Trusts and foundations like Gulbenkian are active donors; we don't just hand out grants but seek a relationship with those organisations we support, bolstering their ability to take an independent course and providing access to networks and opportunities for those we fund to interact with one another.

And that is where the Big Society comes in. We must use our ability to make connections so that we can help create more than the sum of the existing parts. That means we must be prepared to invest our resources in different ways of working; not only providing seed-corn for innovation, but also supporting campaigns, coalitions and networks as Gulbenkian is doing with Making Every Adult Matter - a coalition of umbrella bodies for organisations dealing, often in silos, with the problems faced by people experiencing homelessness, mental ill-health, contact with the criminal justice system and/or misusing substances. These organisations have come together, with our support, to undertake joint policy work and to pilot new, joined-up service delivery. In another example, the Corston Coalition of 21 charitable trusts and philanthropists has come together to sustain a shift from imprisonment to community sentencing for vulnerable women offenders.

Funders have the ability to work together either with other funders and/or other charities to deliver more than they could on their own. We have the ability to look across sectors, to join up otherwise disparate or sometimes competing interests or even, as Gulbenkian does, to look across national boundaries for solutions to intractable domestic issues that can be identified elsewhere. We can champion causes like the Social Justice Communications Agency which aims to challenge the negative perceptions of migrants to this country. We can spotlight issues as the Joseph Rowntree Foundation does with its informed research. And we can give voice to individuals or organisations as did Gulbenkian's pamphlet and DVD in which beneficiaries, volunteers and front-line workers discuss their perceptions of the Big Society, its challenges and opportunities.

The Gulbenkian Foundation will continue to argue for a closer relationship between the voluntary sector and government and to endorse efforts to bridge the gap through, for instance, the Virtual Institute on Collaboration we are supporting with the London South Bank University.

The Big Society is neither a strategy nor a blueprint. But it is a call to arms based on the notion that we cannot solve our problems except by working in concert. Just as in economics, lots of small transactions together make the whole chain richer, so society can achieve so much more if we work together.

The problems that confront us now are ripe for this approach. The actions of individuals and people - whether from the public or non-governmental sector - working together are at the heart of the solution to our problems, as they have been for generations. Government can be an enabler but it cannot be a driver which is why the voluntary sector, in its many forms, is so crucial. The Big Society initiative provides the voluntary sector with an invaluable opportunity to move the debate on and to achieve a new settlement in the relationship between government and civil society - one in which the vital role of the sector is fully recognised.

There need be no ideological - or party political - divide here. If we act appropriately, guard our independence but don't churlishly reject the concept, charities and voluntary organisations, trusts and charitable foundations can be at the heart of the Big Society and, together, build it in the way that we really need.

Chris Bath

Chris Bath is the Director of Operations and Development at UNLOCK, the National Association of Reformed Offenders. Prior to joining the charity, Chris had a background in sales and management consultancy and graduated from Warwick Business School with First Class Honours. In previous roles at UNLOCK, he developed a ground breaking project opening bank accounts for people in prison and translated this into a national campaign to establish partnerships between banks and prisons. Chris has also developed and delivered tailored financial capability training for the justice sector and led the development of access to insurance for people with unspent convictions. He has built successful partnerships with trade bodies such as the Association of British Insurers and British Bankers Association and represented UNLOCK on national radio, television and the press. He recently completed research into the effects of the criminal justice system on financial exclusion and is the co-author of *Time is Money: financial responsibility after prison*. Since April 2011, Chris has taken on a new role at UNLOCK, looking after its operations including financial management, fundraising and strategic development.



What Lies at the Heart of an Effective Relationship between the Voluntary and Community Sector and Government?

Understanding what lies at the heart of an effective relationship between the voluntary and community sector and government first requires the purpose of that relationship to be defined. Effectiveness is an amoral concept, quite at the mercy of purpose, a fact to which Adolf Hitler is a testament. In order to develop effective relationships, both government and the voluntary and community sector must make a tough choice about the fundamental reason for having a relationship at all.

The good relationship

Shared Vision

Relationships are formed in order to achieve something that would be difficult, or impossible, to achieve alone. This is true whether the objective is to rob a bank or to start a family. Before trying to identify what will make a partnership effective, prospective partners need to agree on the ultimate purpose of the partnership - a shared vision.

Without this, misunderstanding and mistrust quickly develop. Partners realise they 'don't have much in common', end up leading 'separate lives' and eventually 'go their separate ways'. With a shared vision, partners can make agreements about what they will do and how they will treat each other. The appropriate nature of those agreements, whether set out in contract, compact or trust, is contingent on the purpose.

Independence

In the best relationships partners grow together, intertwine and even become co-dependent. Critically, they do this from a position of strength, with each having its own independent power base. Each partner is assertive and confident, generating a mutual respect that values constructive challenge as a contribution towards the shared vision. A partnership of equals develops with each recognising the unique value of the other in achieving the ultimate objective. Conversely, dysfunctional and abusive relationships arise when the dependency only goes one way, or is treated as doing so.

Justice and the voluntary and community sector: heading for the divorce courts?

When judged against these principles, the relationship between the voluntary and community sector and government on criminal justice matters does not look healthy.

Reducing re-offending vs. the needs of the vulnerable

The concept of a single shared vision between government and the voluntary and community sector relies upon the false presumption that each can be considered as a single entity. The criminal justice sector, like others before and no doubt after, is undergoing a process of marketisation. Roles that were previously the unquestioned preserve of the public sector, such as incarcerating citizens, are now subject to competition. The seismic forces this process has unleashed have generated a sectoral schism.

The National Offender Management Service (NOMS), the controversial conflation of HM Prison and Probation Services, holds the vision of 'reducing re-offending'. Its public vision of partnership with the voluntary and community sector is one of a diverse and vibrant market of service delivery organisations that can help it achieve this. Fortunately for NOMS, in recent years voluntary and community sector organisations have increasingly adopted the same vision despite it not being tailored solely for a relationship with the voluntary and community sector. Rather, it applies equally across the blurred spectrum of charities, social enterprises and businesses (ethical or otherwise).

Meanwhile, the visions of other voluntary and community sector organisations remain focused on 'old fashioned' notions of rights and bringing government to account for its treatment of the vulnerable and the unpopular. Similarly, if one looks hard enough, there are still elements within NOMS that seek relationships with the voluntary and community sector in order to be challenged and supported.

Provider vs. Partner

Many organisations have become deft at editing their vision statement to fudge a match between the latest government rhetoric and what they know their beneficiaries actually need. However, the inconvenient truth is that many that have tapped the government's veins have grown obese and surrendered their independence as a result.

Where fault and sympathy should lie is moot. One might argue that a naive sector has fallen hook line and sinker for a simple yet effective ploy. Optimistic but penniless charities, hoping to help more needy people, get a slice of sustainability and the opportunity to ‘change things from the inside’, met a spendthrift government, offering cash in return for silencing dissent. On the other hand, one might argue that the voluntary and community sector want to have their cake and eat it. They expect to receive revenue from the public purse but faced with a tender specification, contract or system of measurement, they claim that what they do can’t be measured and besides, they know best.

Ultimately, there is no escaping the fact that if you take the Queen’s shilling (or rather the tax-payer’s pound) they will understandably take a keen interest in how you spend it. A ‘diverse and vibrant market’ is a cipher for dependency only going in one direction. The relationship framework is purchaser/provider, master/slave. The rhetoric of partnership in service delivery should not be confused with a relationship of equal partners.

Lose, Lose, Lose

The number of voluntary and community sector organisations involved with people in the criminal justice system, and the amount of communication between the sector and government, have ballooned. That is to say that the appearance of expansion belies an essential ‘hollowness’.

A culture of competition has fragmented the sector and conspired to ensure that the increased mass of the voluntary and community sector has not resulted in a stronger voice for the communities they serve. Conversations with government have been dominated by discussions over business processes and engagement frameworks, diverting attention and resources from the underlying social issues.

Many people (now termed ‘service users’) feel let down by services which are governed by a ‘tick box mentality’ that does not reflect their needs. From resettlement, to employment support, to education, people are being fed what contractors have to deliver, not what they need. Family members, alongside the very smallest charities and community groups, are left to pick up the pieces.

The Criminal Justice Alliance, a coalition of 56 organisations committed to improving the criminal justice system, was riven over the decisions of Nacro, Turning Point and Catch 22 to form consortia with private companies to build new prisons.

In these ways, the voluntary and community sector increased proximity to government has come at the price of greater distance from beneficiaries. Charities’ claims to understand and represent communities are appearing increasingly arrogant to the members of those communities.

The tragic irony of the way government has framed its relationship with the voluntary and community sector is that by encouraging them into a market of contracted service deliverers, they have drained them of their intrinsic value. Unsurprisingly, rather than the voluntary and community sector changing the market from inside, the infinitely more powerful market has rotted the voluntary and community sector from inside.

The secret of success

So what is the secret of keeping close to beneficiaries while engaging in the market? The simple answer is that there isn’t one. The voluntary and community sector can’t do both, at least no more than the public or private sectors can. What lies at the heart of an effective relationship between the voluntary and community sector and government is a simple but tough choice for both.

If the shared purpose is to deliver public services, the effectiveness of the relationship will ultimately be measured by the efficiency of the service. Service delivery is an entirely honourable undertaking. It can change people’s lives. However, as an instrument of the state, voluntary organisations accept a loss of independence in return for the promise of sustainability (on the government’s terms). They must also accept the inevitable drying up of donations from members of the public, who will eventually become conscious that they are subsidising commercial contracts.

However, if the shared purpose is to create a better society, with enlightened citizens and in which no-one is left behind, the critical element is independence. Though it might seem counter-intuitive, independence is the foundation for co-operation and genuine partnership.

Independence cannot be bestowed by government. It is not theirs to give. Instead organisations must seize it for themselves. They must focus on elevating the voice of their beneficiaries not marketing their own image. They must remember that closeness to beneficiaries is what makes them valuable. It is from them that their power is derived. The voluntary and community sector must redefine their measures of success away from turnover and staff size towards impact. They must recognise that impact is not synonymous with volume and that sustainability means balance not more.

Of course, there are things that the government can do. It can encourage an environment which is supportive of charitable giving by individuals, businesses, trusts and foundations. It can provide opportunities for the voluntary and community sector to act as the agents for change that they need them to be. Politicians and policy officials can demand to hear from people, not just organisations.

Perhaps most importantly, government can provide clarity and honesty about its vision for partnership with the VCS. It can better explain the Big Society and localisation agendas which, in the face of enormous contracts that the likes of only Serco can handle, appear to be rhetorical double-speak. Does it want small scale community engagers and advocacy organisations or large scale service delivers? If it's both, they need to be honest that the relationship with each will be quite different.

Lynne Berry CB

Lynne Berry, Chief Executive, WRVS from 2007 to September 2011, is now a transition trustee of the new Waterways Charity, moving British Waterways into the voluntary sector and an associate of Civil Exchange. Previous posts include Chief Executive of the General Social Care Council, the Equal Opportunities Commission, and the Family Welfare Association and Executive Director of the Charity Commission. She has served on many government bodies including the Office of Civil Society Advisory Board and the Taskforce to reduce burdens on charities. She is an Associate of Civil Exchange.

Current trusteeships include the Anne Frank Trust and Cumberland Lodge. She was Vice Chair of the Deakin Commission on the Future of the Voluntary Sector and has received a number of honours including an OBE and two Honorary Doctorates



Regulating the Big Society: Understanding the Current Civil Contract

'Accusations about the big brother state, the nanny state and the jobsworth, form-filling, tick-box, health-and-safety culture gone mad undoubtedly became overdone clichés at times. But in important ways they were true. They struck a genuine chord, far beyond the ranks of crazy rightwing libertarians or the petit bourgeoisie. Far too much about the modern state that Labour nurtured is an insult to a society of free people.'

'All these things need to be said and remembered. If they are not, any attempt to mount a well-directed assault on the coalition government's efforts to deal with what Labour left behind will lack perspective and credibility. Yet such an assault urgently needs to be made. Unless it is, Britain may be on the cusp of swinging from one extreme to the other. In place of too much regulation the coalition is poised to usher in an era of too little. In the name of balance, rather than in the name of indefensible bureaucracy, the coalition's effort now needs to be seriously curtailed.' Martin Kettle, *The Guardian*, 12th May 2011¹.

Regulation and civil society: an interconnected relationship

The debate about regulation is never simple - and it's always driven as much by ideology as by evidence, despite the rhetoric of the seemingly rational 'risk industry'. Currently, the idea of the Big Society has created an opportunity for yet another canter around the blocks of better regulation and red tape. The idea has also re-opened the debate about the respective relationships of the individual, civil society and the state.

The Big Society is often described as a way to bring about a Small State. If so, what does this mean for civil society's view of regulation? Is this perceived to be a good thing? What does it mean for civil society organisations that operate within the various regulatory frameworks, and what are the implications for civil society's role in campaigning for more - and less - regulation?

These dilemmas have surfaced in my work as a regulator and as someone involved in various 'better regulation' initiatives. I recently served on the 'Red Tape Task Force' commissioned by the coalition government to reduce the burdens of regulation on small charities and social enterprises. The report, 'Unshackling Good Neighbours', made a number of suggestions to lift those burdens and to free up the relationship between civil society and the state. These are the sorts of thing that the voluntary sector often has a view about - and indeed about which it has often campaigned.

My own previous experience has included three stints as a regulator - not a 'classic' regulator of utilities or markets, but rather a regulator of value-based activities

(looking at charity, equality and social justice, and standards of conduct in social care at the Charity Commission; with the Equal Opportunities Commission; and with the General Social Care Council). I've also been a member of the Better Regulation Task Force, Better Regulation Commission, the Risk and Regulatory Advisory Council (Labour appointments) as well as my current Task Force membership.

In these various roles I've tried to come to terms with some of these dilemmas, and I'm convinced that there is no simple connection between the colour of a government and its stance towards risk and regulation. All governments have a real tendency to want less regulation, and all end up with more.

Whose responsibility and risk is it anyway?

The core dilemma is the tension between on the one hand, the sense that 'something must be done' and, on the other, that government should 'get off my back'. They are often framed in the following ways:

I want to be free to take risks - so lift the burdens of regulation and let me make my own choices

I'm worried you don't really understand the risks you are taking - you need protecting

You (the state/regulator) didn't protect me - where were you - it's all your fault

You (the state/regulator) didn't protect them - where were you - it's all your fault

We (the state) want to encourage personal and community responsibility - you should learn to handle risks better and become more resilient

We (the state) must be seen to do something - we'll regulate now - we'll make sure that 'never again' will such a thing happen.

What does this tension mean for the role of civil society, that mediator between the individual and the state?

Our recently published Task Force report contains what is perhaps the most up-to-date evidence of the views of the voluntary sector concerning regulation. The report builds on earlier work from the various Better Regulation taskforces on the Third Sector and Civil Society, and is grounded in a strong belief in the fundamental value of the sector in operating between the individual and the state.

Strikingly, most of the responses received by the Task Force were about the administration of regulation and about a culture of risk aversion, rather than any real concerns about actual regulations. Lord Hodgson, Chair of the Task Force, noted many examples of the dead hand of regulatory administration and the need for a lighter touch: *'Promises to reduce bureaucracy and red tape clearly strike a resonant chord with the public. Since the Task Force was announced in September we have received submissions and comments from over 600 organisations and individuals. We are deeply indebted to them all, not least because an essential element of any successful rolling back are grass roots examples showing in detail the perverse and often counter intuitive results of regulation'*².

And it is these counter-intuitive results that were the main focus of the comments, as well as a real desire to get a grip on risk and to give government (and future governments) a new tool to help them draw breath, and avoid rushing to knee-jerk reactions.

What was really interesting for me, having been part of previous working groups, was there was very little appetite for either whole regulations to be swept away, or more regulations to be brought in. Previous taskforces and commissions have received both far more pleas to maintain protections for vulnerable people and far more requests to remove whole swathes of primary legislation and formal regulation. So, in a sense, Martin Kettle is right: there is a frustration about the many layers of regulation and administration that have been introduced in recent years, but we are in danger of losing an important appetite for protection and state solutions. The evidence of the respondents to the Red Tape Task Force suggest the focus of civil society and the state seems to have swung to matters of administration, rather than principle.

What resonated widely was a list of twenty practical things anyone can do (in many cases shattering commonly-held myths)), such as clearing snow from footpaths and offering meeting space to local community groups. In addition, the suggestion that government should be given a mechanism that will give Ministers time to reflect properly, and avoid instant reactions, gained significant support. As Sir Stuart Etherington, chief executive of NCVO, said in the Daily Telegraph: *'Lord Hodgson's report makes huge strides in setting out how to balance appropriate risk taking with the government's duty to regulate. We are delighted to see common sense prevailing, especially in the recommendation for a STORE [Speedy Treatment of Regulatory Events] committee to respond in the aftermath of accidents'*.

He went on to say: *'At a time when many voluntary and community groups are struggling with their income and funding, it is vital to reduce the burden of regulation and administration as much as possible, while ensuring public trust and confidence*

*in our sector is maintained. The report also highlights the importance of changing attitudes towards risk and regulation across all sectors.'*³

Perhaps these comments give a clue to the current state of play. Worries about the cuts dominate and voluntary organisations are concerned not to spend resources on things that are not essential. Equally, like the rest of society, they are not currently campaigning for more regulation, more laws - if only because the climate isn't right and the chance of success is small.

What next?

My own analysis is that this situation will change again. Few governments have been able to resist the temptation to legislate - to be seen to be doing 'something'. Few voluntary organisations can see injustice and not campaign for something to be done. For the moment though, Big Society does seem to mean a small state and civil society is more concerned to lift the costly burdens of red tape than to seek a greater involvement from the state. The voluntary sector seems to be 'sticking to its knitting' in these straightened times, and to be concentrating on providing the best possible support for their beneficiaries, staying afloat and providing tailored local services, rather than calling for increasingly complex administration. The ideology is a pragmatic one: freedom where possible, and regulation where necessary. But this will change when, without intending to increase the burdens of regulation, civil society will respond to the next significant disaster by calling for new legislation and governments will feel the need to be seen to do something - and the merry-go-round will start again.

¹ <http://www.guardian.co.uk/commentisfree/2011/may/12/red-tape-challenge-assault-on-laws>

² Unshackling Good Neighbours. www.cabinetoffice.gov.uk/resource-library/unshackling-good-neighbours

³ <http://www.telegraph.co.uk/news/politics/liberaldemocrats/8519973/Commentary-the-red-tape-taskforce-should-be-applauded.html>

Julie Bishop

Julie Bishop is Director of the UK Law Centres Federation, a post that she has held for 3 years. The Law Centres Federation is the representative body for the national network of community based Law Centres. There are currently 56 Law Centres delivering a range of innovative legal services to financially and socially disadvantaged individuals and communities in England, Wales and Northern Ireland. Prior to this, Julie was Director of the National Association of Community Legal Centres in Australia for over 5 years and worked in the legal aid sector in Australia at community level for almost 20 years.

Julie's professional training is in IT. It was as an IT consultant that Julie first worked in legal aid.

Before IT, Julie studied and taught Philosophy at the University of Sydney.



Civil Society is in Trouble

Civil society (that conglomeration of non-government, not-for-profit, voluntary, community-based organisations) is reeling from a radical government agenda that has diminished both available funds and ability to deliver.

At a time of dramatic social change in the UK, when government rhetoric underlines the importance of a well-functioning civil society for delivering on its vision of a 'Big Society', mutual distrust has infected the heart of that civil society.

Government is engaged in unnecessary destructive activity, making ill-informed decisions and creating waste rather than best value in dozens of areas. The benefits that civil society produces are being squandered.

Civil society has been diverted away from delivering its mission to urgent damage control - making the case for its work (sometimes poorly), lobbying Government (often ineffectively), responding to consultations (furiously), and desperately searching for funds in the face of sudden drops in government support.

At this moment of austerity, when Government spending is being so heavily scrutinised, when the Prime Minister creates a photo opportunity from the symbolism of travelling on EasyJet, waste resulting from the failure to benefit from civil society is unreported.

This Government, and its ecosystem of policy and decision-makers, needs to be asking, not how to simply cut civil society, but how to harness the full benefits of civil society, and how UK society might flourish as a result.

I work with Law Centres, a frontline for dealing with the challenges of the dysfunctional side of society. The stress points we confront in civil society suggest some solutions.

Law Centres in Civil Society

There are 56 Law Centres throughout the UK, each a non-profit legal practice. Embedded in local communities, run by committees of local people, staffed by teams of expert lawyers who have chosen to base their careers on service, Law Centres provide free legal advice and assistance on housing and homelessness, employment, discrimination, community care and mental health to the poorest and most vulnerable members of society. They serve 120,000 people each year.

A recently report on the Scottish commission established in November 2010 to produce a 'road map' for the future reform of public service delivery found that 'Members of the commission were struck by how much public spending is skewed

by the bottom 20% in terms of poverty, unemployment, health and all the factors that go with it'. They found that the level of public spending cannot be sustained unless more is done to lift the bottom 20% out of poverty.

Law Centres (and probably the larger number of civil society organisations) consciously focus their work on that aim. Law Centres aim to resolve the legal problems caused by poverty, and in so doing, assist people to repair their lives so that they can rise out of poverty. The benefit to government of this work is not only to create a fairer United Kingdom, but also to strengthen the economy by reducing costs and enabling more productive citizens.

Stress points

The constraints imposed on government by the political process - a short-term trajectory, a populist requirement, policies and programmes that ought to benefit the majority of the population, the need to navigate through conflicting demands - all determine the shape and implementation of broad policy objectives.

Civil society organisations, on the other hand, focus on long-term change. They work for small pockets of the population who are often publicly unpopular, society's rejects. It can take a long time to get results and measuring the change is tricky, particularly when working with the most damaged. It is hard to prove the merit of this work in media-sized chunks (many agencies consequently do not even try). Unless this work can be packaged to meet the requirements of politics, it is easily dismissed as worthy but not critical.

Government looks at spreadsheets and considers findings extrapolated from thousands of transactions. Law Centres, for example, comfort the sobbing, calm the angry and give hope to the suicidal. They have been characterised as unbusiness-like and with work practices rooted in old ways. However, their programmes have been developed to focus on personal need through trial and error, based on successes. They know what works and what doesn't. They are able to be flexible, to respond to emerging issues. They design client-focused services, effectively prioritise need and produce results cheaply.

Yet their experience of public service delivery is of needlessly drawn out and bureaucratic handling of matters which move at a snail's pace (UK Border Agency takes years to process applications), countless mistakes and wrong decisions (42% of demand for services results from mistakes - 25% of that is Department of Work & Pensions) and pilot programmes that go nowhere, regardless of results.

The community sector, and Law Centres as part of that, is seen by Government as having a vested interest in whatever they are proposing, of being self-interested and self-appointed. Government, especially civil servants, say the sector lacks legitimacy (the basis of the authority the sector claims is not evident or easily referenced).

The Government's policy objectives with the Big Society require the civil service and civil society to work well together. Yet the civil service's attitude to civil society has, in recent years, become dismissive, mistrustful and hostile. One civil servant recently complained: *'The arrogance of these organisations undertaking 'research' and then expecting us to consider it.'*

Civil society organisations are puzzled, alarmed and mystified - and, most importantly, distracted from their frontline work as they battle petty rules changes, repetitive programme restructuring and inane management requirements.

A functioning Civil Society

There are pockets of civil society that function incredibly well. Coventry Law Centre leads a network of advice agencies that has created a model of collaboration that streamlines services designed around client need. They work productively with the local authority, feed back trends, identify system improvements and commit to dialogue on better commissioning mechanisms. They tackle poverty in Coventry as a priority and work to improve the lives of the fellow citizens. Together they ensure that each £ funded is well spent. The lessons can be learnt.

Barings Foundation, London Legal Support Trust, together with other foundations and trusts with a strong interest in the legal advice sector, have joined with large city law firms such as Allen & Overy and Freshfields Bruckhaus Deringer to establish an exchange with government on issues that arise from their charitable activities, in the anticipation that they will be regarded as a trusted and reliable third party. Such an exchange shows civil society at its best and provides more lessons to be learnt.

None of this is to say that civil society cannot and should not improve; on the contrary, we all need to do better at dealing with the enormous challenges before us, whether it be removing the poor practice in community organisations or cutting the extraordinary bureaucratic roadblocks that frustrate the lives of civil society organisations and their clients. Frontline workers know that better than anyone.

But an atmosphere of mistrust and lack of respect will stop us working together to take the necessary steps.

Two simple first steps

Two simple first steps are needed:

1. Bring together those involved with these and other models of well-functioning civil society. Draw out from them the factors that created the trust and lessons on what does and doesn't work and on what can be replicated.

2. Next, use a mutually respected third party such as the Trusts referred to earlier to broker a meeting between participants from the models that work with participants from examples that are particularly fractious and suspicious of each other. Further identify those characteristics that are required to establish the legitimacy of organisations and establish trust as well as identify what evidence is required. From this a protocol could be developed and added to the Compact, for example:

Individuals working in both government and civil society are striving to make a difference, to serve the community and to be good. This similar motivation can be leveraged to create the Big Society that is a good society with civil society as its heart.

Dr Douglas Board

Dr Douglas Board became Chair of the Refugee Council, Britain's leading refugee and asylum charity, in 2007. He is President of the friends' organisation for The Connection at St Martin-in-the-Fields, Trafalgar Square, which works with homeless and vulnerable people. After careers in the UK Treasury and as a headhunter, in 2009 he founded a careers advice business (www.maslowsattic.com). This offers successful individuals expert advice on changing career direction. In 2010 he completed a doctorate in management and is a Senior Visiting Fellow at Cass Business School. He is writing a book on science, politics and intuition in the selection of leaders (to be published in 2012 in Gower's applied research series). The opinions expressed in this article are personal.

Experience

The Strategic Impact of Personal Experience

A different difference

Many things about the voluntary sector make it different - the kind of challenges it tackles, its ways of working, the values held by voluntary organisations, the sector's ability to attract gifts of time and money, and so on. Few of these differences are black and white, and each 'sector' - whether private, public, voluntary or academic - is a seething mass of varied and evolving organisations.

Yet there are worthwhile generalisations about the sector, many of them clearly articulated in this collection of short essays. I became increasingly clear about the sector's identity during my eighteen years in executive search, working on moving people between sectors. Indeed Cass Business School, where I am a senior visiting fellow, boasts the largest academic centre in Europe specifically dedicated to the voluntary sector.

This article is not about re-hashing familiar sectoral points with a personal twist. Instead I would like to suggest a different 'difference' about the voluntary sector, and link this to the importance of personal experience in building dialogue, partnerships (or simply effective purchaser-provider relations) between sectors. I would then like to extend the point to embrace organisational size, and make a practical suggestion.

I spent the first ten years of my working life - the 1980s - working in government, mainly in the Treasury. More or less continuously since that time efforts have been made, led by successive Cabinet Secretaries and Prime Ministers, to diversify the cadre of permanent secretaries at Whitehall's peak. Progress has not been swift but since the 1980s two changes are noticeable. Firstly, several permanent secretaries now have personal experience of working in wider government - local authorities, schools and the NHS; and secondly, recently, the gender and ethnic mix has begun to shift.

However, of the approximately thirty or so permanent secretary rank officials in the main Whitehall departments, a quick internet investigation suggests that 22 (including the heads of nine of the ten largest departments) have only ever worked in government. Five appear also to have worked in academia, three in the private sector and two in the voluntary sector. (These estimates focus on primary employment, not non-executive roles.)

The chief executives of the ten largest FTSE 100 companies have made their careers entirely in the private sector. Of vice-chancellors of our ten largest universities, depending when we look, typically nine or ten will have made their careers wholly within academia. However, I started working through a list of the largest British

charities, and by the time I got to ten, I stopped. None of the chief executives of the organisations I looked at had worked only in the voluntary sector. Five had also worked in the private sector, 4 in the public sector and 2 in academia. This is a different difference about the voluntary sector: among all the sectors, its leadership is uniquely qualified to understand what cross-sectoral partnership and delivery requires.

Personal experience

Personal experience makes a difference. A certain amount - an important amount - can be done by setting down over-arching principles and policies. Training in working collaboratively with very different kinds of organisations can build on this. But, making an international analogy, imagine trying to build a dialogue or partnership between two very different countries. Suppose that we got representative teams from the two countries into a room for a dialogue. Suppose then we noticed that no-one in the two teams had ever lived abroad: we would appreciate that we faced a big challenge.

I am not thinking only about dialogue between the Government and the voluntary sector. For example, a few months ago I talked to some headhunters who had got shortlisted for a Government contract and then lost out to a larger competitor. The relevant civil servant explained that both of the search firms had rated well on quality and price; the final decision had been taken because of the Government's policy on small and medium-sized businesses. How so, the civil servant was asked, given that the firm given the business was significantly larger? At which point the civil servant explained that he had gone onto the two firms' websites and counted up the number of photographs of staff displayed there. He had chosen the firm with fewer photographs.

Whether the civil servant grasped the incredulity which his well-meaning efforts produced I do not know, but I do know that voluntary sector organisations attempting to work with Government encounter analogous hazards. If the civil servant had ever worked in a small business he might (we hope) have stopped to think. Formal instructions and procedures to help organisations of one kind 'mate' with organisations of another can only go so far.

And from this the practical suggestion which I would like to make is this: if a group of people are in a room trying to make an innovative cross-sectoral dialogue or partnership happen, then allow some time early on for the individuals to meet and talk, not only as representatives of the organisations for whom they are speaking

today, but as people with personal experience. I do not mean gossip over biscuits: I mean sharing as part of the agenda, who in the room actually has spent some years working within different kinds of organisation? What can be learned by treating that personal experience as a resource for the group as a whole?

Sometimes some of the voluntary sector representatives may have more to share, although that will not always be so. But if they do - firstly, how silly of us not to use a scarce resource - and secondly, my estimates earlier in this article possibly suggest that this openness to other sectors is a feature of the voluntary sector which is of strategic importance. It might be part of the value that the sector can add. Personal experience can have a strategic impact.

Size

The (true) story about the photographs also suggests to me that, as important as sectoral differences, are ones of scale. In some respects a large, unified consulting firm may have more in common with some public sector organisations of its scale than with a small consulting boutique in its own line of business. Or consider a medium-sized charity working with organisations much larger and much smaller than it, in relationships which have both co-operative and competitive elements. There are some similarities between that and being a medium-sized food service business dealing with both supermarkets and farmers. Of course there are also differences - I am suggesting partial similarity, not that the two things are identical.

If this is right, then it makes sense to expand my proposal of asking dialogue partners to share the diversity (or not) of their personal experience. It will be worth inviting people to share where they have worked in terms of organisational size as well as sector. I venture that it will be a rare cross-sectoral initiative which does not also cross significant barriers of size.

One of the reasons we might not ask the question I am suggesting is because we stereotype - this person comes from a small organisation with one or two, or perhaps no staff; what does he or she know? Perhaps, quite a lot. I did not have to go far round the refugee sector, particularly among refugee community organisations, to find individuals in that situation who (to take a true case) in their original country had been a director of the central bank.

Conclusion

Of course I am influenced by my own personal experience - how could it be otherwise, since I am arguing that personal experience can have strategic impact? I have, or have had, the great fortune to work in or help lead organisations small, medium and large in the private, public, academic and voluntary sectors. We are all at risk of prescribing for others what we have appreciated ourselves. But, however approximately, the figures above suggest that there is something strategically important which the voluntary sector can offer other sectors, and which is a vital ingredient in cross-sectoral work - diversity of personal experience.

Shankari Chandran

Shankari Chandran was the Head of Pro Bono and Community Affairs for Allen & Overy LLP, covering social justice projects in over 25 countries from 2000 to 2009. The work ranged from representing detainees in Guantanamo Bay to fighting for the rights of Roma children in Hungary to advising at law centres in London and Hong Kong.

During her time there, Shankari tried to align the firm's social justice objectives with its wider commercial objectives and strengths. This included a firmwide microfinance programme, advising on MF deals that raised over USD200m for microfinance institutions. Shankari sat on the Prime Minister's Council on Social Action where she learned more in those two years than she had ever learned before. She currently resides in Australia with her four children, husband and a very large BBQ.



An Unlikely (and Unholy) Coalition

Corporates may or may not know a whole lot about civil society. Our trade is helping our clients succeed and helping ourselves succeed in the process. We know how to align our objectives with the objectives of the people we depend upon, showing them that their success is achieved by ours. When we wake up in the morning, we actually ask ourselves: what does success look like? No one really likes us very much, but eventually we get used to that.

In September 2009, after 30 years of service, the South West London Law Centres (SWLLC) nearly went into administration. This Law Centre has always been considered a model of excellence for service delivery, helping over 25,000 people a year with a success rate of often 95% plus.

The problems it faced at that time (and still faces today) are not unique. You know the story of the Law Centre that could not make the transition to the legal aid arrangements of October 2008, experienced a fatal cashflow crisis and never recovered.

At that time, whilst working for Allen & Overy LLP and its pro bono programme, I was fortunate enough to observe the formation of a coalition that stopped the Law Centre's closure, and operated (strangely) like a corporate transaction executed by the agents of civil society.

Each party within the coalition had something - funds, resources, expertise, knowledge, evaluation methodologies, contacts, access to power, access to media - something that another within the coalition needed. Each had to give something to the others in order to help them achieve their objectives and unleash the potential and the willingness of each to work together and save the SWLLC.

The coalition's success came not from its willingness to compromise, but from its recognition that if it wanted the Law Centre to succeed, it had to show how the Law Centre could help its stakeholders (and most importantly its funding stakeholders) achieve what they wanted and, in some cases, needed.

For those who needed numbers, there were economic analysts in the coalition that had the tools and knowledge to quantify the social return on investment in legal aid, the costs of failing to deliver quality legal services and the savings benefits of systems thinking - keeping the tax payer, the economic rationalists and government accountants appeased.

For those who wanted to keep the clients and their often complex needs at the forefront of the conversation, there was a group of the largest advice agencies and umbrella organisations in the country (including AdviceUK, Refugee and Migrant Justice, the Law Centres' Federation and the Prime Minister's Council on Social Action) who understood the value of humanising public services and building stronger, empowering relationships with clients and communities.

For those who needed courage under fire, there was an Undersecretary and a Head of Civil Justice and Legal Aid who were open to innovation and believed in the value of both legal aid and a true partnership. They were prepared to take a pragmatic, enquiring approach to test the successes and failures of the current system, using the evidence found as a business case for improvement.

For those who wanted to develop a more outcome-based evaluation model of success, there was a group of the largest trusts in the country who between them made a significant investment of time and money in the provision of free legal services. They understood that the complexity of problems suffered by people and the consequences of advice given (or not given properly) are hard to quantify, and they were prepared to collectively, independently and rigorously test the impact of funding on outcomes for clients.

For those who wanted a pragmatic conversation about solutions instead of a ritual burning of the Legal Services Commission (LSC), there was a legal aid consultant who knew how to make the LSC contract work for a Law Centre, but also understood the human cost of and compromises required in making it work.

For those who needed ego-less, baggage-less leadership, there was a head of the Law Centres' Federation (LCF) who originally came from a different jurisdiction where the relationship between Law Centres and government was not adversarial and she therefore assumed a spirit of co-operation between equals instead of hostility.

For those who needed a shameless, rabble-rousing campaign, there was a former head of the LCF and the SWLLC who knew both organisations as well as legal aid, the politics of its funding and the logistics of its delivery.

For those who wanted a ruthless but friendly army of restructuring lawyers, there was a group of the largest law firms in the world, who between them made a significant investment of time and skills in SWLLC and were prepared collectively, publicly and annoyingly, to argue in favour of saving it.

And for those who feared the headlines yet to be written, all parties engaged in an unspoken game of PR 'chicken', eyes watering at the effort not to blink first, each wondering which outcome for SWLLC could be spun more palatably.

There are many stakeholders in the delivery of free legal services, and often the objectives of funders seem to undermine the delivery of the very service they seek to fund. Historically, the approaches of many of the stakeholders have differed, resulting in:

- (a) an adversarial landscape where funders (or rather government funders) are pitted on a notional opposing side to the deliverers, with both sides being distrustful and dismissive of the other
- (b) a cost-driven rather than quality-driven model of advice-giving that creates long-term inefficiencies of both cost and quality, and
- (c) a funding system that changes at about the time deliverers have just worked out how to 'make the contract work', with little capacity-building of the deliverers to cope with new requirements.

And watching from the sidelines is, of course, the taxpayer - not receiving (or reading) as much accurate information as they should (legal aid - that's for criminals and illegal immigrants right?), but not being as stupid (or as selfish) as they are often imputed to be. It wouldn't take much to make the taxpayer realise that cutting a service (say legal aid) from one departmental budget could result in a client needing the services (say housing and benefits) from other government departments. The apparent cost savings to the tax payer are a false economy, simply transferring the cost to another departmental balance sheet in the future.

The coalition that saved SWLLC understood the polarisation of the different parties who were critical to its success as well as their different needs and interests. The coalition created a kind of disruptive technology, altering the previously inevitable path of SWLLC and opening the door to a co-operative dialogue between government and the voluntary sector in a situation that has always ended historically in acrimony and administration.

The SWLLC's future is vulnerable but hopeful, thanks to the hard work of many people and organisations, and most of all its dedicated staff. Its recent history has shown that conflicting parties were able to come together when they realised how a successful, sustainable SWLLC could meet some (although not all) of their constituents' needs and achieve some (again, not all) of their interests.

There were parties in the coalition who were motivated by altruism, a passionate belief in the importance of legal services for the disadvantaged and the desire for a true civil society partnership. There were parties in the coalition who did not believe in any of that. However, all of the parties in the coalition could see how their success could be achieved by the Law Centre's success. Put another way, the Law Centre aligned its objective (sustainability) with the objectives of those it depended upon, showing them that their success could be achieved by its own.

One fateful morning in September 2009, when the South West London Law Centres could have gone into administration but didn't, its stakeholders asked themselves: what does success look like? Different stakeholders came to share a certain interdependent vision of success, and tried to achieve it together for themselves and each other, recognising that if they didn't, they would all fail.

Tamsin Cox and Daniel Harris

Tamsin Cox

Tamsin is Head of Policy and Research at DHA, working with a range of clients on research and evaluation projects, organisational development, technical bidding and policy analysis and response. She has worked for more than ten years in the cultural sector in resource and capital development, and latterly as Senior Research Fellow at the University of Liverpool on Impacts 08, a longitudinal research programme, looking at the multiple impacts of the European Capital of Culture 2008 in Liverpool.

Tamsin is an Honorary Research Fellow of the School of Sociology and Social Policy at the University of Liverpool, and an Associate at the Institute of Cultural Capital.

Daniel Harris

Daniel is Managing Director of DHA, a public sector relations organisation specialising in achieving social change. He is a communications professional with nearly twenty years' experience at senior levels of central and local Government and the not-for-profit sector.

Daniel has led numerous initiatives helping government and the public sector to transform policy and bring their services closer to the public. On equalities, international development, democracy, human rights, the arts, the role of civil society, family policy - and in many other areas - Daniel has helped organisations create strategies and communications that deliver real change - winning new resources, improving legislation and shaping the public discourse.

Daniel set up DHA in 2000 with the idea that people and society are at the heart of policy-making and communication and has since worked with Government departments, major national agencies including the Arts Council England, the Audit Commission, the Association of British Orchestras, the Charity Commission, NHS Direct, the Equal Opportunities Commission and charities including Scope, Help the Aged, and the Joseph Rowntree Foundation.

He also advises Governments in developing countries creating and delivering health and education communications. He is an Associate of Civil Exchange.



Accountability

Reform without Accountability: The Zero Sum Game

As public service delivery has changed so have the complexities in ensuring that both the policies which shape those services, and the decisions about the ways in which they are delivered, are genuinely accountable.

When a candidate stands for election to Parliament or the Local Council, she or he is acknowledging that they will be held accountable for services and policies that involve the public, should they win. In electing that candidate, the electorate passes on the responsibility to make decisions which can be held accountable. In addition to the accountability which politicians take for making policy decisions, and sometimes for whether departments or initiatives perform in the way they are expected to, there are civil servants and public sector workers who are trusted with delivering policy and ensuring that services operationally meet the needs of the public.

Supporting the accountability of both politicians and bureaucrats over the last decade and more, has been an increase and improvement in complex (and more standardised) evaluation of policies and interventions. Whilst much of this activity has improved our appreciation of what works, and what doesn't, it is often highly technical to undertake and to understand. It also takes place primarily between specialist evaluators and bureaucrats. And where politicians become involved, we may hear mutterings of 'policy-based evidence-making': as rigorous as such evidence gathering might be, its uses and abuses are often still at the mercy of political need.

This closed conversation - a kind of bureaucratic accountability - is limited in its capacity to engage the public with the services which affect them. When, as has been increasingly the case over the last quarter of a century, public services are increasingly being shaped and delivered by the private or voluntary sectors, the lines of accountability can become even further devolved from the public. There can appear to be insufficient 'traction' on those service deliverers by the public as well as by the officials they elect to positions of power.

As previous, current and future governments are likely to increase the involvement of non-state providers in the delivery of public services, the question of accountability is now at the heart of how services reform. As politicians also seek to re-engage the people they serve - against a background of dropping party membership, limited election turnout and significant fiscal challenge - the idea of increasing genuine democratic accountability is beginning to gain popularity.

In the debate about public service reform different kinds of partners seem to be offering different kinds of accountability, which are attractive in different ways.

Some see the private sector as offering a market-driven accountability that ensures efficiency and value. Through its focus on ensuring profitability and returns to shareholders, the private sector can be seen as an ideal partner for government; meeting contractual deadlines, guaranteeing few (or no) cost overruns and displaying an imperative to 'get the job done'.

The voluntary sector too can offer something appealing. A principal reason for government contracting voluntary sector organisations to deliver public services is that they are believed to be close to citizens and can therefore be more responsive to need. They have a hard-wired commitment to involve and engage the communities with which they work. This is often cited by the voluntary sector itself as an essential identifying and distinguishing characteristic they possess. And, indeed, the larger voluntary sector bodies which derive a significant proportion of their income from statutory sources for the delivery of public services can also offer some of the qualities the Government values in the private sector.

However, there are dangers in both of these approaches to public service delivery and it can be argued that the very concept of 'Big Society', which many have struggled to define, is critically undermined when considering how a more democratic kind of accountability might work when applied to increasing non-state public service delivery.

A more pluralistic pattern of provision by social enterprise, private sector and - even - communities themselves may support greater choice and, perhaps, greater participation by some in the selection of services they receive. The Localism Bill supports a greater range of opportunities for the public to take over assets and opportunities, to participate in their local public life. Other initiatives, such as participatory budgeting, are gaining interest and supporting communities in engaging with the investment decisions made by their local authorities and others. Alongside these are moves to make more information available, to support greater transparency and enable the public to 'audit' government for themselves.

As positive as many of these moves may seem, there are some significant challenges. How is accountability to be maintained across such a plethora of providers, and providing cultures? What shared values might we wish to see guide those to whom delivery is contracted?

The very largest registered social landlords in some cases now operate more like the private than the voluntary sector, chasing ‘stock’, gobbling up smaller housing associations, and becoming commercially driven - with salaries to match - in order to grow their asset base for the city rather than, some would argue, focusing on the complex needs of their tenants. Whilst they would argue that their size and value enables them to provide a broader service to a more diverse group of ‘clients’ many others would argue that their accountability and social ethos has become secondary to the market motive. When housing is taken over directly by the private sector, as we have seen in the case of Southern Cross housing, financial difficulties can leave vulnerable tenants exposed to the market deciding these services are no longer viable.

As public services are increasingly ‘contracted out’ politicians themselves become far less accountable for the actual delivery of the services. The relationship between policy and implementation becomes more complex (and, of course, the ecological change in deliverers is a policy choice in itself). The ‘system’ - of multiple and sometimes competing providers - becomes responsible for outcomes and impacts on those people using public services.

So far, so difficult. When provision is (potentially) so fragmentary and diverse, how is accountability - either between politicians and providers, or between the public and providers - to be developed?

But more than this, there is a larger issue. How is a collective democratic accountability - with real shared responsibilities for the public, and not just in selecting which services to receive, but in conceiving and resourcing them in the first place - to be developed when opportunities to influence policy focus on the local, the particular and the receiving end?

If a shift in the balance of power, away from Whitehall and towards the people, is truly going to take place, then politicians must begin to build a space in which collective policy-making - for the big issues - can take place. Democratic accountability is not re-designing an evidence base or national indicators so that the public or the media can (mis)understand them in an instant. It is not about more ranking tables or spend maps or more statistics without context or explanation.

It is about politicians and the public determining together what success should be; designing policy and service delivery together, and using evidence and expertise from specialists and the front-line to inform it; allocating resources together; and sharing the responsibility for the successes or failures which ensue. It is a “compact of mutual, collective responsibility”, a genuinely big society.¹

Within such a compact there would be significant challenges. The roles of bureaucrats and specialists, those with long-term experience of service design and delivery, would have to be re-negotiated and defined. The public’s willingness to engage with the genuine complexities and compromises of large-scale systems and multiple needs would be tested. Politicians would need to be prepared to admit more often that they don’t always have the answers; and that sometimes solutions have to be tested - and perhaps fail - before we know if they are the right ones.

And the voluntary sector itself would find both threats and opportunities in this new landscape. Its position as a service deliverer would require adjustment, and its claim to truly represent its constituents would be well-tested. But there would also be opportunities for those whose relationship with their communities was strong. Such a compact will require complex brokerage: between politicians and the public, between specialists and generalists, between principles and practicalities, between the simple and the technical. The voluntary sector may find itself uniquely well positioned to be this broker.

Real and properly democratic accountability requires politicians to trust that the public can and will undertake the responsibility for making difficult and complicated decisions. That they will invest time in understanding how things work, and that they will care enough to try things out. A mature conversation is needed, one which assumes that the public has a capacity and interest for what happens to its services and one which places some faith in those - including the voluntary sector - who can support this process. What should be being sought - and what may be lost in the rush to reform - is a truly “democratic dialogue”.²

¹ Behn, Robert (2001) *Rethinking Democratic Accountability* Washington D.C., Brookings Inst. Press

² Hanberger, Anders (2006) ‘Democratic accountability in decentralized governance’, paper presented at Conference on the Interpretive Practitioner, Birmingham

Kevin Curley

Kevin Curley was appointed as Chief Executive of NAVCA in January 2003. NAVCA champions and strengthens voluntary and community action by supporting its members in their work with over 160,000 local charities and community groups.

Kevin has extensive experience of local voluntary sector support and development organisations, having led CVS in Derby, Hull and Leicestershire. His previous experience also includes overseas development work with VSO, as a Programme Director in Vietnam and Tanzania. Between 1998-2001 he was the Chief Executive of Headway, the UK health charity for people with head injuries. He has also worked for Hull City Council as the Healthy Cities Co-ordinator.

Kevin was a member of the Treasury independent challenge group for the spending review 2010. He has also been a member of both the Treasury third sector review group and the Cabinet Office public services action plan steering group.

Kevin lives with his family in a Derbyshire village and chairs both a family support charity in Yorkshire and a Kenyan development charity.



Staying Positive as the Cuts Deepen

The Big Society

When the Conservatives launched the Big Society in the run up to the General Election the strap line to its policy paper was ‘big society, not big government’. *Building a Big Society* argued that the government should do less and communities more; it foresaw a society ‘with higher levels of personal, professional, civic and corporate responsibility’ where the ‘leading force for progress is social responsibility, not state control.’¹

So as the state starts to retreat, what’s been happening to the local voluntary and community sector, that part of civil society in which NAVCA is most interested?

The Government’s budget deficit reduction plan has certainly hit the local voluntary and community sector (VCS); many of the most disadvantaged communities and vulnerable people are losing highly valued services. NAVCA members are doing their best to identify alternative sources of funding, but they too are feeling the pinch.

The loss of the ring-fence around Area Based Grant (ABG) exemplifies the point: programmes that supported local voluntary and community action, including many NAVCA members, have been subsumed into mainstream budgets and hard pressed local authorities have simply passed on the reduction to local voluntary organisations and community groups. This is particularly evident in the most deprived urban areas where ABG was targeted; places where social capital is weak and support for social action is most needed. Lack of resources will see groups close only to be reborn at great expense in the future.

I fear that the speed of implementation and the front-loading of cuts to local Government have left many in the VCS stretched beyond the capacity to adapt. The pace and scale of the cuts to local government has placed tremendous pressure on the relationship between councils and their local VCS. Whilst too many councils still take the easy short-term option of cuts to the VCS, it is to their credit that others are talking to local VCS leaders about how best to chart a course through the storm. In this context the government’s constant denigration of public servants, and local government officials in particular, is extremely unhelpful to those of us working together to help communities deal with the consequences of the cuts.

So what is there to be positive about? And what can NAVCA and its members do to lighten the gloom?

We can help local groups access the £80 million Community First programme.

We must make sure that 5,000 community organisers do effective work on our housing estates and in our villages. The new £50 million challenge funding for local endowment building will be vital for the small grants of the future. Despite widespread scepticism, the Localism Bill, if wisely implemented, presents an opportunity to unite local communities and local public bodies to find collaborative solutions to the problems they face; crucially it must strengthen the bonds between civil society and local councillors.

We must ride the Government's enthusiasm for volunteering, social action, neighbourhood groups, citizen empowerment, the £200 million in loans from the new Big Society Bank and philanthropy. The Big Society is a big tent housing many Coalition plans. For example, the Office for Civil Society wants to:

- Make it easier to run a charity, social enterprise or voluntary organisation
- Get more resources into the sector - social investment, giving and philanthropy
- Make it easier for sector organisations to work with the state².

All these objectives enjoy wide support in our sector, along with government initiatives that will increase support from business. Yet, I am highly sceptical about the capacity of private companies, private investors and philanthropists to fill the gap left by public funding.

Grants, contracts and the Merlin Standards

Whatever the future holds for the local VCS, grants must be a part of it. Many pundits see them as anachronistic, but I see them as vital because they stimulate the community engagement, active citizenship, self-help and grassroots activism at the heart of the Big Society. Grants are also less bureaucratic to manage and evaluate than contracts. That said, if competitively awarded contracts are on offer the local VCS must be ready to tender. Charity staff and trustees have to understand commissioning and procurement procedures and they need to think about how they can collaborate with other local organisations.

Unfortunately there is a damaging trend amongst commissioners to cut costs by having fewer, larger contracts; a barrier for smaller charities that sub-contracting has not resolved because big prime contractors tend to transfer responsibility for contract management down the line. So, while reducing the number of contracts might appear to reduce costs, contract management costs get added back in further down the supply chain. The Merlin Standard, developed by the Department for Work and Pensions, aims to make sure big prime contractors deal fairly with smaller sub-contractors.³ It's too soon to know if it is working, but the local VCS needs to be aware of Merlin and know how to use it to hold prime contractors to account.

This trend towards larger contracts will require more collaborative models of service delivery that help smaller local charities bid for contracts which are too big for them to deliver alone. The Sheffield Well-being Consortium, with over 60 small providers of health and wellbeing services in membership, enables small, local providers to either secure larger contracts or to act as subcontractors. Models like this require considerable time and effort to set up and run, but it is the sort of activity with long-term local benefits that should attract grant funding in order to get it off the ground.

New opportunities

There are a few other opportunities that demand our attention as state funding declines:

- Too many local charities do not claim Gift Aid; as much as £500 million is lost to local charities as a result. That equates to twenty Grassroots Grants programmes. It could be worth at least £1 million to local charities in a typical unitary authority.
- We must make creative use of social media such as Twitter and Facebook. They can both be powerful tools for campaigning and for fundraising. To my own amazement I raised £4,000 for a small charity I chair in one weekend on Facebook.
- The Big Lottery Fund (BIG) will become even more important in the future. I would like to see *Awards for All*, *Reaching Communities* and other demand-led funding programmes expanded. Lottery funds will increase after the Olympics and the Government proposes to require BIG to allocate 100% of its funding to the VCS.

- We must rediscover our enthusiasm for volunteers. Back in the early 80s when I ran Hull CVS, volunteers ran both the information service and the volunteer centre. Paid staff enabled the CVS to do a lot more, but if income falls we must make more creative use of volunteers and give them greater responsibility.
- We must look for new ways of relating to the local private sector. Corporate social responsibility has grown enormously over the last ten years. We will need to find new ways of matching their corporate engagement strategies with community needs and draw more pro bono support out of the local private sector.
- Not every service can be sold but we know that some have been much more successful than others at generating income. We will need to challenge assumptions: no-one expects to get a place on a training course, to ride in a community transport minibus, or hire a meeting room for nothing. We must test every service we are providing with the questions: 'Can we make a charge for this?' 'Can at least some people pay for this service?'
- We will have to be better at helping people to rediscover old fundraising skills. Many local charities will be much smaller. So, money raised from street collections, sponsored events, payroll giving and auctions of private sector donations in kind will become more significant.
- We need to understand how Community Shares can support a capital appeal. How mixing donations and loans or investments may unlock new money from philanthropists. These are probably funding options some of us have not considered in recent years - the years of government generosity.

In conclusion

There are hard times ahead without doubt and the local VCS will reduce in size as the cuts deepen. For many, fewer paid staff will also mean fewer trained and managed volunteers; when a Citizens Advice Bureau loses paid staff it also loses volunteers because there is nobody to train them and support them in complex work. I fear we will help fewer people. And of course we have a shared responsibility to articulate what is happening in our communities and to use every opportunity at our disposal to protect our most vulnerable citizens. But equally we have a responsibility to adapt to a radically different political environment and to use whatever resources are available from the state, the private sector, social investment, philanthropy and from communities themselves to achieve our missions.

¹ See http://www.conservatives.com/news/news_stories/2010/03/~/_media/Files/Downloadable%20Files/Building-a-Big-Society.ashx

² Cabinet Office: Structural Reform Plan published June 2010 (Chapter 6) <http://www.cabinetoffice.gov.uk/media/414879/srp-cabinet-office.pdf>

³ See <http://www.navca.org.uk/localvs/lcp/news/merlinstandard.htm>

Richard Gutch

Richard Gutch is an Associate with Prospectus, a third sector recruitment company, and a freelance consultant on issues concerning the third sector. He is currently managing the merger of three disability charities. In 2010, he was Secretary to the NCVO Funding Commission and wrote their report, 'Funding the Future'.

He was Chief Executive of Futurebuilders England Ltd (2004-08), where he was responsible for setting up and running Phase 1 of the Government backed £215m investment fund. He was previously Director for England and Strategic Programmes at the Community Fund (2001-04) and Chief Executive of Arthritis Care (1992-2001). He is a former chair of ACEVO and is a trustee of NAVCA.



Financial Barriers Facing the Voluntary Sector

In the introduction to the NCVO Funding Commission's report on the future funding of the sector ('Funding the Future'), we predicted two possible scenarios for the period ahead.

Under one scenario, the present pattern of public services is cut to the bone, serving fewer and fewer people. Commercial organisations take over the running of many of the services that are left, working to narrow eligibility criteria under large-scale, performance-based contracts. The public sector protects its own. Voluntary organisations become hopelessly overstretched and unsustainable through reductions in their funding and an unrealistic assumption that voluntary effort and income can fill the gap left by the state's withdrawal. Disadvantaged communities suffer most and inequalities increase as the cuts in public services and welfare benefits begin to bite.

Under another scenario, instead of steady decline, it is possible to envisage a radical shift through which the present pattern of public services and models for delivery are altered through co-production with service users. A new social contract is developed, involving innovative partnerships between the public, commercial and civil society sectors and new financing arrangements, including increased voluntary income. Voluntary organisations have stepped up to the mark to realise their full potential. Government investment and commercial sponsorship has helped them do this. Local people and service users have played a central role in shaping the future.

The Funding Commission was concerned that, despite the rhetoric of the Government's Big Society initiative, we are currently in danger of heading for the first, rather than the second scenario. However, rather than trying to predict the future, our approach was to design the future we wanted and to work to make it happen. We believed that certain areas of income could increase in real terms by 2020 - individual giving from £11.3bn to £20bn; trading income by £1.8bn; and grants from companies by £800k - and that the share and quality of public sector contracts delivered by voluntary organisations could also rise. We believed that £10bn more private investment could be attracted through new approaches to social investment, helping the sector to become better capitalised and more resilient.

But in order to realise this future there are some challenging internal and external barriers to overcome.

Sector barriers

Lack of capital. The sector as a whole is chronically undercapitalised. Income almost entirely matches expenditure. Where this income is from the public sector (as is the case for 36% of its income), this makes the organisations extremely vulnerable to changes in policy. Furthermore, it means there is a lack of development capital for capacity-building and a lack of working capital for surviving funding regimes based on payment by results.

Financial capability. Lack of capital is partly a function of the way the sector is structured (with no share capital), as well as the multiplicity of small, diverse organisations comprising the sector, but it is also, in part, a function of the lack of financial capability in the sector. Too often the sector is risk averse and does not make the best use of the different types of funding available to it, for example using grants to finance building developments which might be better financed through loans and not using grants or unrestricted income to invest in organisational development.

Making better use of assets. Trusts and foundations hold two thirds of the sector's assets (over £60bn). Most of these assets are concentrated in a relatively small number of organisations. Some of these are already pursuing social investment policies by looking at a range of ways their investments can help capitalise the organisations they support. More could be doing this.

Getting better at trading. Trading on the open market, i.e. trading with individuals (e.g. through charity shops, sales of services and products) and with other non-government organisations (e.g. through commercial sponsorship and provision of services) is the second most important source of income for charities after the public sector. To be successful at it, organisations need access to capital and markets, as well as appropriate skills and business support. The Funding Commission recommended a Trading Up initiative for helping ensure this.

Getting better at asking. If the sector is going to realise the Funding Commission's aspiration to nearly double the amount of income it receives through individual giving over the next 10 years, then it will need to get better at asking - both in terms of the way it engages with the very rich to increase philanthropy ('more giving millions') and the way it engages with the general public e.g. through use of social media ('millions giving more'). The Commission recommended a Better Asking Campaign to help achieve this.

Funder barriers

Focus on projects. Although full cost recovery should mean that overheads and management costs are funded, this is rarely the case for most voluntary organisations. There remains a need for traditional core funding, especially when services are being cut back - otherwise, there is no capacity for the organisation to plan, diversify, collaborate and trade its way out of the challenging times it faces. Many philanthropists and some trusts and foundations understand this, but there is still an overall trend away from core funding.

Short termism. Linked to this is a growing tendency, especially amongst government funders, to take a short-term view in funding the sector. This is hardly surprising, given the uncertainties funders themselves face, but it sits uneasily with the rhetoric of encouraging the sector to play a bigger role.

Silo thinking. One of the features of voluntary organisations is their focus on the needs of the whole individual; as a result, they are often very good at developing holistic approaches, which cut across service areas. Unfortunately government departments (nationally and locally) find this much harder, because of departmental and institutional constraints.

Payment by results. One of the consequences of the current financial position is that Government wants to be certain that the outcomes and savings often promised by voluntary organisations (e.g. through preventative or rehabilitation services), will actually be achieved. Payment by results is a way of ensuring this. However, this not only requires the provider to have sufficient working capital to manage in this regime, but also exposes voluntary organisations to much higher levels of risk through transferring risk from the commissioner to the provider. This can be aggravated further when they are sub-contracting with a commercial provider, as will often be the case in the Work Programme. Silo thinking can also affect the Government's approach to payment by results, when, for example, Department for Work and Pensions is primarily concerned with getting people off benefits and into work, rather than improving their mental health or preventing them from criminal activity.

Disappearing Compact. One of the casualties of the current financial position may be the Compact. Although the national Compact was signed by the Prime Minister, the abolition of the Compact Commission, coupled with the speed and scale of cuts, mean that it is going to be much harder to ensure the principles of the Compact are upheld. There are already worrying signs emerging of the sector's voice being either more muted through self-denial, or being silenced through the way the cuts are falling.

Signs of Promise

Despite these barriers there are some promising signs ahead. The development of the Social Impact Bond (SIB) by Social Finance is one of the most exciting of these. Currently being piloted in Peterborough Prison, the SIB is potentially a win-win-win situation. Voluntary organisations get funded up front from investors to provide services to reduce reoffending - so, unlike payment by results, they do not have to carry the risk (but they will be held to account for delivering results through contracts). The sponsoring government department (in this case the Ministry of Justice) only repays the investors, if agreed levels of reduced reoffending are achieved; the rate of return depends on the level of success. The investors (initially trusts and foundations and philanthropists, but eventually other investors) achieve a social, and also a potential financial return.

A second promising development is the Big Society Bank (BSB), which is about to open its doors for business, via the Big Lottery Fund (BIG) initially. Many in the sector seem to view the BSB as an irrelevance at a time when their grants are being cut. But if the BSB plays a strategic, market-making role, as envisaged by its chair, Sir Ronnie Cohen, then it could be a major player in coming years. By helping a range of financial intermediaries to develop, both for different sub-sectors and for local groups, and by working with funders like BIG to develop the sector's investment readiness, the injection of over £600m capital into the sector could have a major impact. The BSB could also act as an intermediary between the Treasury and national and local government in helping roll out SIBs on a larger scale.

Finally, the NCVO Funding Commission's recommendations have the potential to help the sector not only survive the current financial context, but also expand to take on a bigger role.

David Harker CBE

David recently stood down after thirteen years as Chief Executive of Citizens Advice. He is an Associate of Civil Exchange, and a member of the boards of Ofgem, the gas and electricity regulator, the Advertising Standards Authority and the Financial Services Consumer Panel. From 1989 to 1997 David worked with the national disability charity, Sense, latterly as managing director. During the 1980s David spent five years as a management consultant and four years as the Director of Lady Margaret Hall Settlement in south London. David has also been both a councillor and a senior local government officer. He has an MBA, from London Business School, is a Companion of the Chartered Institute of Management, and received a CBE in 2011.



There is No Such Thing as the Voluntary Sector

The statement, 'there is no such thing as the voluntary sector', may capture your attention but risks being misunderstood, like Mrs Thatcher's much quoted remark about society. Thatcher's friends claim she meant that society is an abstraction and in the real world there are only actual people, whether they be family, friends, neighbours or strangers. That's precisely what I mean. If I were speaking I would emphasise '**thing**' and '**the**' - saying 'there is no such thing as the voluntary sector'.

One of the simplest ways of defining the voluntary sector is by legal form; although social enterprises are growing, most voluntary organisations are registered charities. That underlines my point. We would all be nervous about generalising about the corporate sector. Why then are we inclined to generalise about voluntary and community organisations? As we know Eton is a charity and in annual surveys the highest paid charity chief executive is often the head of the Chartered Institute of Personnel and Development (CIPD). It's too easy just to dismiss them as atypical, just as feminists were wont to dismiss Mrs Thatcher as in some way not a real woman, because they disliked the idea that the first female Prime Minister was a Tory.

I've spent most of my working life in the voluntary sector - locally with a council of voluntary service and as director of a settlement, and nationally with the disability charity Sense, and latterly with Citizens Advice. I've loved almost every minute of it. The sector has given me a rich and fulfilling professional life and I am passionate about promoting its health and vitality, and espousing the contribution it can make to civil society. But, the first step is to move beyond the rhetoric of stereotypes and foster an understanding of the depth and variety of the sector. Only when we do that, can we help public sector leaders and commissioners understand when and how some third sector organisations might be able to help them, and enable third sector leaders to craft appropriate strategies for their organisations.

According to the rhetoric of stereotype, voluntary organisations are mission driven, close to their customers, deal with the whole person, focus on outcomes, and go the extra mile. By such simplistic assertion we stereotype other sectors, albeit implicitly, as the opposite - distant and remote, full of time-servers who deliver fragmented services. A friend describes an excruciating presentation by a leading light in a sector-wide body who thought they were promoting 'partnership' by extolling the virtues of the sector in such a way. What they were doing in fact was alienating a group of influential public sector leaders by attempting to put the voluntary sector on the moral high ground and everybody else in the swamp of mediocrity.

One only needs to recall the role of the National Bullying Helpline in the allegations of Gordon Brown's alleged bullying behaviour, to realise that not every voluntary organisation has appropriate values or a grasp of such a basic professional principle as client confidentiality. An exception perhaps? But also a salutary lesson that it is unwise to make assumptions about the voluntary sector. As virtually every business book ever published will tell you, creating value and values in an organisation takes effort, insight, leadership and time. So please, let's move beyond stereotyping to developing the analytical tools to help both sides, potential commissioners and their potential voluntary sector partners, decide when, where and how to work together.

The voluntary sector has many potential advantages. The obvious ones include the ability to attract committed and capable volunteers and staff, and to generate funding and support from the general public, rich individuals and the corporate sector. The less obvious ones encompass the ability to inspire public confidence and trust, the freedom that comes from operating outside of a statutory framework, the focus that is possible in a single issue organisation, and the sheer doggedness of those who believe they are fighting injustice. After a moment's reflection, it is clear that these attributes vary between types of organisation and indeed between individual organisations. In fact in support of my opening statement, while some of them may be more likely to be found in the voluntary sector, none of them are universal attributes of it.

In the right hands these attributes can be turned into the sort of strategic advantage that generates considerable public and social value. The challenge for the third sector leader is to understand their own organisation so as to position it well within its environment. This may require significant internal change, partnerships with others, or even merger. It is usually necessary to work on an attribute to turn into an asset. Many voluntary organisations 'do good', i.e. they achieve socially beneficial outcomes. Perhaps in the distant past 'doing good' was sufficient. No longer. The 'good' must be quantified and measured in a suitably rigorous way. This requires investment in outcome measurement, almost always including IT of some sort.

I recognised this early on in my time as chief executive of Citizens Advice. The Citizens Advice service was doing great things for over two million people every year, but it was not good at evidencing and articulating it in ways that were compelling to the public funders the service relied upon. As well as a shift in mindset from believing that in some way bureaux were entitled to public money to, what we called, 'partnership and persuasion', this required an investment in IT to capture the necessary data. Several years and several millions of pounds later, every single client

interaction (some six million a year) was captured electronically. This provided both an unrivalled database to demonstrate outcomes, and a powerful tool to influence policy. This was not always easy. One of the other great attributes of the Citizens Advice service is its 14,000 volunteer advisers. As one of them, a retired head teacher, said to me ‘I took early retirement and came here because of all this box ticking nonsense in education. Now it seems to be catching up with me here’. The lesson, as always, is to understand the interaction between an organisation’s strengths and craft solutions that achieve improvements in one area without damaging value elsewhere.

From the perspective of commissioners the diversity of the voluntary sector is a challenge. They need to penetrate the rhetoric and see organisations as they really are; particularly not to be fooled by the tendency of some who claim to possess all the positive attributes of the stereotype. Claims of effective user involvement, for example, need to be tested. Some of the sector’s strengths, informality and lack of bureaucracy, can have a downside - in a significant proportion of cases, there is a tendency toward ineffective governance.

Public sector politicians and managers need to understand the diversity of the sector and not, as some would, treat the sector as a stage army that can be summoned to deal with a problem. I will be intrigued to see how trained community organisers funded as part of the Big Society programme turn out. One of Obama’s heroes, who also inspired David Cameron, is Saul Alinsky, a tough community leader in 1930s Chicago. As well as preaching self-help, Alinsky was a great believer in direct action and formed ‘strategic partnerships’ with organised labour to bring about improvements in Chicago’s meatpacking industry. A new generation of community organisers in the UK may not be content to take over the running of the libraries - they may think it a better use of their time to campaign to reverse the policy on closures.

As well as understanding the values, competence and capacity of potential partners, commissioners need to think carefully about their own objectives. If scale and unit cost are key, a ‘winner takes all’ contract let on a ‘level playing field’ with no bias for or against the voluntary sector might be appropriate. In communities with high unemployment, nurturing social enterprises that can provide an appropriate quality of service and employment for the long term unemployed would be more appropriate. The history of commissioning is already full of unintended consequences. I’ve talked to local authority councillors who hoped for the latter but ended up with the former, because they did not pay sufficient attention to the details of the process.

The potential of many voluntary and community organisations to enrich the social wealth of our communities is immense. The starting point to unlock this potential is to stop generalising and accept that there is no such **thing** as **the** voluntary sector. That is the beginnings of wisdom and the start of effective partnership.

Joanna Holmes

Joanna Holmes has been CEO at Barton Hill Settlement, a multi purpose neighbourhood organisation serving an inner city area of East Central Bristol, for the past seven years and is responsible for a wide range of services and activities for 15,000 people per annum.

She worked in both the health service and a local authority before this. She is Chair of Locality, an organisation launched on the 6th April and formed from merging bassac and the Development Trusts Association. Joanna has been involved in many initiatives during her work in the Voluntary and Community Sector and has a track record of working with others to find solutions to difficult local problems.



Independence at the Heart of Successful Working: Lessons from Barton Hill Settlement

The thoughts and ideas which follow came from the practical delivery of a grant to improve the independence of our organisation, Barton Hill Settlement in Bristol, which was received from the Baring Foundation. In the course of this delivery we discovered a number of things and, as is often the case, the most interesting ones were the most unexpected. I became convinced that the independence of the sector is directly related to successful working relationships with government. A deeper understanding and commitment by both the sector and government to the sector's independence has the potential to create more effective working practices and an ability to tackle effectively many of the most complex social issues. I do not believe that independence requires a separation from - or deliberately lack of engagement with - government; rather that it is a precondition for both sides in order to work together successfully.

We asked the Baring Foundation to fund: training in diversity and management for local residents and staff at all levels; an upgrading of financial and HR systems; and the development of an integrated results database so we could demonstrate the impact of multipurpose work. We viewed improving our efficiency and effectiveness as something which was directly connected to our ability to act independently.

The confidence and re-affirmation of our values which took place because of the relationship with the Baring Foundation (and the wider funding programme) had a transformative effect in itself, as we utilised our improved resources. For example, our improved management systems and confidence helped us to turn down or end contracts which did not fit our values, or which were costing us more money than we felt they were worth in service-user benefit. This is something that the voluntary and community sector thinks about when considering contracts and the right approach may seem self evident; but making such choices could have a significant impact on our ability to secure contracts amid widespread public sector cuts.

In the face of big cuts to local and central government contracts now and in the next few years, it will be all too tempting for us to renew efforts to secure what we can from diminishing numbers of contracts at any price. There is a question for local and central government commissioners concerning whether they want the sector to deliver services because of our special characteristics or because we are cheap. Also, as a sector we must consider if we have sufficiently convinced commissioners of our ability to deliver in a way that other sectors cannot, and whether there is a compelling case for what this difference is. It is worth our while continuing to

articulate and clarify this case. Increased organisational reflection has allowed Barton Hill Settlement to consider our role in the market and assess the comparative selling points of, amongst other things, cost and quality.

The second significant action we took during the same period was to begin forming partnerships to improve our influence with local government. We found that cross-sector partnerships were most effective in achieving this. At a very local level our most successful partnership has been with our local school and health centre. This emerged from beginning to work together and realising that our partners shared values with us, particularly relating to respect for our local service users and a deep commitment to put service users' needs at the heart of our joint work.

This has led to firm plans for the health authority to relocate two of their teams to our site so that they can reach clients who were not accessing their services, despite being in the greatest need. This arrangement also enables us to learn from each other's expertise in order to provide better services locally. This is a potentially groundbreaking change to both our thinking and the health authority's, born from mutual respect and an appetite to learn from our differences.

However, when there has not been a shared commitment and understanding - for example, with the local authority in tackling the medium-term consequences of a massive development of social housing units in the area without additional service resourcing - activity has not been supported by the same joint lobbying and partnership efforts. The reason for the lack of shared understanding is not clear to me, but I suspect it is because the local authority were so keen to meet one target of additional housing units, they ignored the consequences for the medium and longer term which agencies (such as ours, the school and health centre) cannot ignore. Subsequently, the partnership decided on a renewed attempt to engage with the local authority and has been strengthened by having made that first approach, as well as from subsequent events locally which are providing further significant evidence of medium and long-term challenges which require a response from the local authority.

For Barton Hill Settlement the motivation for maintaining our independence has always been so that we are able to meet the complex mix of needs of local residents, rather than those of any one other stakeholder. This has meant that striving for efficiency and effectiveness is a necessity, as it creates resources so that we can focus on the high priority issues for residents. This should be a compelling reason for government to want to work with us, and it often is; however, building trusting relationships so that government understands the value of independence, and does

not see it as a threat, has been an endeavour made harder by government departments frequently restructuring, hectic policy changes, services being commissioned, elections happening, and all the intense inward-looking activity in government this brings. Tensions can also be caused through voluntary and community sector organisations either failing to understand how to, or lacking the willingness and confidence to, continually develop constructive working relationships.

One solution to the difficulties of working through the brokerage of local authorities is to cut them out and work directly with central government schemes. But this is equally difficult, because of the very different nature of the local voluntary and community sector organisations and central government. It is hard and unrewarding to meet government's bureaucratic needs with an organisation which is focussed on sharp-point delivery, and equally hard for government to be sufficiently trusting. The use of an inspired voluntary or community sector agent between the two has often been valuable and remains the best option in our experience. In our case this is the role that both Bassac and the Development Trusts Association (now merged as Locality) have taken, along with other national voluntary and community sector membership bodies. It is not a role which local authorities can deliver easily, because of their multiple competing demands.

A serious question which my own organisation and much of the voluntary and community sector struggles with, is the extent to which we limit ourselves by failing to use the freedoms we have as voluntary and community sector organisations. In an era when boundaries between all the sectors are blurred because of the way a free market approach is dominating all service delivery, are we really any different to other sectors? Most organisations have values and principles and the best organisations act in a way which is consistent with those values, but this is not unique to the voluntary and community sector. The same applies to independence, which is not unique to the voluntary and community sector.

Our experience - in a very local organisation - has been that striving to remain true to our values and independence continues to provide the basis on which to try and form successful working relationships with government. When we have compromised our values for the sake of (usually financial) expediency is when that relationship has been poor. Conversely when we have been contracted by government agencies without them understanding our real strengths, genuine opportunities have been lost. Obvious actions such as an honest dialogue and ongoing relationship building are worth every moment spent on them for both parties, especially during difficult and exceedingly busy times.

As an independent organisation, striving for efficiency and effectiveness in the local community and in partnership organisations is a necessity. Operational efficiency creates resources. This enables us to focus on the issues which are the highest priority for our users, whilst maintaining a long term perspective on the specific needs of a community. This perspective is a crucial counterweight to the immediate and short-term focus which can characterise top-level policy-making.

Simon Johnson

Simon has worked for AdviceUK since May 2009 and co-ordinates BOLD, a project that supports collaboration between independent advice organisations and local authorities on the design and commissioning of advice provision. BOLD addresses concerns that the procurement of advice services based on top-down, target-driven specifications limits the potential of advice services to make a difference.

Simon has worked in the voluntary sector since 1987, and has had extensive involvement in a number of cross-sector partnership activities.



Real Difference

Working Together to Make a Real Difference: The potential of independent advice to support public service reform

People turn to advice services when things go wrong. Across the country, a range of organisations provide the impartial information, advice, advocacy and representation that people need to navigate the maze of rights and responsibilities they face, especially when they are confronted with significant life changes, such as long-term illness, redundancy, family breakdown or falling into debt.

Demand for advice services significantly outstrips supply and the recession has increased this imbalance. For example, in November 2010, Citizens Advice reported a 14% increase in housing enquiries, including arrears and homelessness, and a 41% increase in enquiries about the new Employment and Support Allowance.¹

Despite increased demand, independent advice providers are not immune from pressure on public spending. An unpublished online survey of AdviceUK members in 2010 revealed that 41% had already experienced cuts and 58% were anticipating cuts to their funding in 2011-2012. 71% were subject to a review of voluntary sector or advice service funding.

But the current squeeze is exacerbating a longer-standing problem with advice service funding. Recent years have seen a move from grant funding of voluntary organisations towards greater service commissioning, which has, in practice, frequently been reduced to a competitive procurement exercise, rather than the application of the full commissioning cycle.

This process has brought about changes in the landscape of provision, with some community-based services disappearing and new entrants to the market. More significant, however, has been the shift towards a target-driven, price-based transactional approach, which has affected the purpose and delivery of advice.²

It was against this background that the BOLD project was set up to:

- develop new approaches to the commissioning of advice services
- place service users' needs at the heart of the process with a focus on the outcomes of advice
- encourage co-operation and collaboration, and
- engage the experience of advice organisations to address preventable failures in public service delivery.³

Key to the work of BOLD has been a collaboration with advice services and the local authority in Nottingham. Nottingham was chosen because the City Council had taken an 'early intervention' approach to improving services for citizens, had used 'Systems Thinking'⁴ as a method for improvement in its Revenues and Benefits service, and because there was an effective advice consortium, Advice Nottingham, comprising the key providers in the city.

The starting point in the use of the Vanguard Method is to carry out an analysis of demand, in this case to hear why people are accessing advice organisations in their own terms, and what is important to them in seeking advice. This evidence is used to establish the purpose of the service, to identify its capability to meet that purpose, and to identify the barriers - 'System Conditions' - that limit that capability.

The collaboration team in Nottingham analysed some 500 demands across a range of advice organisations in the city and discovered that over 30% were generated by preventable failures in public services: inaccurate information on entitlements, impenetrable application forms, inaccessible call-centres, incorrect decisions and confusing letters all played their part:

Figure 1: Analysis of Demand Generation

Name of Agency	% of Failure Demands	% of Demand on Advice Services
Department for Work and Pensions/Job Centre Plus	25.00%	7.63%
Council Tax collection	11.84%	3.61%
Housing Benefit	10.53%	3.21%
Nottingham City Homes	7.89%	2.41%
HM Revenue and Customs	5.26%	1.61%
Homelessness Service	3.29%	1.00%
Other Housing Associations	3.29%	1.00%
Utilities	3.29%	1.00%
Pensions Service	1.97%	0.60%
UK Border Agency	1.97%	0.60%
Council Tax Benefit	1.97%	0.60%
Adult Social Care	1.97%	0.60%
Child Support Agency	1.32%	0.40%
DVLA	0.66%	0.20%
Court Service	0.66%	0.20%
Other	9.87%	3.01%
None identified	9.21%	2.81%
TOTAL	100.00%	30.52%

Following this analysis, two advice agencies and Nottingham City Council's Housing and Council Tax Benefits service agreed to undertake a short pilot to understand where these failures arose, and how closer collaboration could improve service delivery and minimise waste.

Previously, the advice service would advise a client with a potential claim to attend the council's contact centre to make their claim. If issues arose, the advice service would write to the authority. When customers' verbatim demands to the two services were analysed, it was clear that, predictably, 60-65% of demands were preventable, many generated by progress-chasing or asking for clarification of decisions. The average time taken to resolve an issue was 100 days.

Not only were delays in benefit administration driving demand into the advice agencies, but inadvertently, the agencies' written requests for backdating or reviews were adding to those delays. It was recognised that the advice agency does not have the power to solve the client's problem in these instances, and so the adviser's role in the pilot became one of 'identify eligibility and hand-off clean to the Benefits Service'⁵.

Advisers had access to a dedicated Benefits Officer whom they telephoned to discuss the case with the client present. This liaison meant that the client could be given a fixed appointment at a convenient time to meet the Benefits Officer and either make the claim or resolve their problem. The client was advised exactly what documentary evidence they would need to take and interpretation could be arranged if necessary.

The results were striking:

- The average time taken to resolve cases reduced from 100 days to 5 days
- The average number of actions required to resolve a case reduced from 5 to 2
- All pilot cases were resolved without the need for further challenge, review or appeal.

By using an understanding of customer demand, both services have developed a working method that moves away from conducting transactions to resolving the problem for the individual. The benefits to customers are clear. For advice services and public service providers, scaling up this approach would significantly reduce preventable demands on services and minimise waste, so freeing capacity to deliver more valuable work. The success of this collaboration has led the partners to look to extend the pilot to other agencies, and Nottingham City Council intends to integrate the learning into the current re-commissioning of advice services.

The current approach to the commissioning of advice is unsustainable, with services being cut in the face of unprecedented demand. Reducing supply and imposing top-down delivery targets places pressure on preventative and innovative services, as providers are forced to find ways to reduce unit costs. This trend reduces the number

of overstretched advice agencies, and their ability to proactively respond to people's issues over the longer-term, weakening their impact on the well-documented effects of legal problems on individuals' health and wellbeing. Whilst the intention is to reduce cost it is likely to have the opposite effect and add to increasing demands on the public purse in the medium and longer term.

Applying the BOLD approach would be different: it would use commissioning to encourage advice services to do the right thing long-term, and would contribute to the requirement on public services to 'do more for less'.

Advice services are in the front-line when things go wrong. Working with them can help public bodies gain a real understanding of the systems that impact on people's lives, such as welfare benefits or housing - end-to-end and from a customer perspective - and so drive real reform, preventing the same predictable problems arising for other people. This would, in turn, free capacity for advice organisations to work more innovatively with individuals and communities, increasing awareness of rights and responsibilities through public legal education, widening access to advice, and supporting the achievement of long-term outcomes through partnerships with other services.

The Government is seeking to move away from a culture of top-down targets and to promote localism and the development of Civil Society. We believe the BOLD approach offers a way for the advice sector to seize this opportunity and to make a real difference.

¹ Citizens Advice CAB enquiries continue to rise: homelessness and rent arrears among fastest growing problems

² For a fuller exposition of the impact of competitive procurement on advice services, particularly in the field of Legal Aid, see *It's the System Stupid! Radically Rethinking Advice* (AdviceUK, 2008)

³ BOLD is a joint project of AdviceUK, new economics foundation and Directory of Social Change, funded by the Baring Foundation's Strengthening the Voluntary Sector programme.

⁴ For more information on the Vanguard Method of Systems Thinking, see Vanguard Home Page

⁵ Designing services using the Vanguard Method normally involves trying to eliminate 'hand-offs', i.e. where a piece of work is handed from one person or service to another. However, in this case a hand-off from the advice service to a Benefits Officer is the right thing to do to solve the problem. In this case, the aim is to make the hand-off 'clean': in other words, the Benefits Officer has all the information they need to resolve the issue.

Dame Mary Marsh

Dame Mary is the Founding Director of the Clore Social Leadership Programme which identifies, connects and develops aspiring leaders in the social sector. Previously she was chief executive of NSPCC for eight years and headteacher of two comprehensive schools in 1990's, latterly at Holland Park School.

She is a non-executive director of HSBC Bank plc and a member of the Holdings Board Corporate Sustainability Committee. She is Chair of the International Alumni Council and a member of the Governing Body at London Business School. She is also Chair of the State Honours Committee.



Leadership Challenges

Government and the Social Sector: Leadership Challenges for Working Together

When considering a leadership challenge, I like to start with a first attempt to understand the context and the dynamics of the situation. For governments across the UK and the social sector (charities, community organisations, housing associations and social enterprises) the layers and connections are highly complex. A fundamental problem is the degree to which this all operates in silos.

Following devolution, the nations of the UK have little need to engage with each other about the social sector as responsibility for this is a largely devolved matter. We have much to share and learn from different responses and experiences, but this happens too rarely. In fact there is a key political driver for devolution to deliberately generate distinctive approaches that belong to each nation.

Within each nation, the governments are largely organised in departments, many of which have their own relationships with the social sector. In England, for example, a single charity may need to relate to several departments - the Cabinet Office and Department for Communities and Local Government amongst others - to deal with issues on policy and funding streams. Increasingly funding, now much reduced, is distributed locally through local government or other agencies across all the nations so the fragmentation of relationships continues in a kaleidoscope of silos.

The immediate impact of a whole series of funding decisions as we emerge from the recession has been extremely uneven and the speed of change has made it impossible to anticipate the cumulative effect of different decisions in particular localities. With every aspect of statutory funding there is little or no flexibility to ameliorate some serious consequences which perversely accumulate even more sharply in communities where disadvantage and deprivation are most acute.

The need for governments across the UK to engage constructively with all parts of the social sector has never been both so important and yet so difficult. After more than a decade of growth for many charities, community organisations, housing associations and social enterprises, the priorities and available resources have shifted very sharply.

The social sector itself is not good at working together collaboratively, particularly across different types and sizes of organisation. Silo thinking and silo working is a significant issue for those working with a social purpose, as it is across governments and their agencies. Small scale activity is rarely well connected with those much larger organisations operating across communities, regions and in some cases nations.

And scale does not resolve the problem as there is much duplication and isolation between the many (some say far too many) organisations with similar purposes and beneficiary groups.

Co-operation, collaboration, partnerships and mergers in the social sector can be very effective, but often such engagement is not resilient or embedded and so can fragment as key people change posts or other points of crisis emerge such as the current funding challenges. Protective, even defensive, risk averse responses can be taken, often led or strongly supported by Boards of Trustees.

Large charities themselves can demonstrate silo working in their own operations. There is a history of too much separation by function and professional development that makes engagement between fundraising, service delivery, finance and policy difficult. Coherent responses to all the external silos outlined above are a problem too.

The Giving White Paper, published on 23 May, and the Philanthropy review report published in June, both consider the potential for philanthropy to provide more resources - time, expertise and other support to help alleviate some of the challenges and great areas of need so evident across the UK. However, unless we can break out of our silo thinking and working we will not have the engaged cross-sector leadership that will be needed to make the most of philanthropic giving, as well as the other considerable resources that are still being delivered from statutory sources, albeit dramatically cut in many places.

The Clore Social Leadership Programme, in its first eighteen months of activity, has been exploring the leadership needed so we can respond to the challenges we face. It is already evident that our approach to developing aspiring social leaders has relevance to leaders in governments and the private sector who want to be engaged in Civil Dialogue with productive relationships that can find fresh solutions and greater impact. We need to learn how to do this differently together.

A good start would be to develop our leaders together, instead of in a multitude of silos, such as all those currently used across the public sector. Clore Social Fellows connect strongly with each other, but also with leaders in many other contexts. Our approach is determinedly cross-sector using the best we can engage with amongst our corporate and public sector partners. We have worked with our evaluation partners, The Work Foundation, from the beginning in a planned four-year relationship to ensure we continue to reflect, learn and improve as we develop.

At the centre of leadership development is the need for the individual to first learn to 'know yourself' - your values, courage, confidence and humility. Second is the need to 'be yourself' - authenticity, integrity, commitment - and third is the need to always 'look after yourself' by creating time to reflect, and to build physical and emotional resilience. If all leaders could know themselves, be themselves and look after themselves this would be a strong start to our capacity to build trust and sustainability in Civil Dialogue.

All leaders need to be good at understanding context, with well-developed situation sensing skills. Being aware of the dynamics of where we are and what is emerging ahead is important within and beyond our area of direct responsibility. This is critical to being alert and ready to prioritise, and to being prepared for those sudden unknown changes and the 'Black Swan' events we have faced too often in recent years.

And we need to be effective at working with and through others. Our capacity to be enabling and motivating is critical within our organisations, growing leaders around us. A key skill is the ability to develop and establish collaboration and partnerships. We need to be good listeners too, especially engaging with beneficiaries and other key stakeholders.

Underpinning all this personal and individualised development, is the need for leaders to possess good business capability skills with a fluency that enables discussion, interrogation and the kind of decisions which can engage with risk, ensure efficiency and sustainability, demonstrate effectiveness and be ready for due accountability because they are based on expert advice. All leaders need to be confident about this. Too often such business capability, situation sensing ability, people skills, self-awareness and personal strength are just not sufficiently present in the partnership development which could secure delivery of the social purpose outcomes we want effective Civil Dialogue to achieve.

Sir Bert Massie CBE

Bert Massie was the Commissioner for the Compact from 2008-2011. He has spent most of his adult life promoting equality and human rights of disabled people. From 2000-2007 he was Chairman of the Disability Rights Commission during which time the rights of disabled people were strengthened through legislation and through groundbreaking legal cases. Prior to that he was the chief executive of The Royal Association for Disability and Rehabilitation and was instrumental in ensuring that parliament passed the Disability Discrimination Act 1995.

He is a trustee of a number of charities including Motability and is a governor of Liverpool John Moores University. He is also the Patron or Vice President of several charities.



Independence

The Compact and Independence of the Voluntary Sector

One of the early acts of the incoming coalition government was to redraft the Compact, which is the agreement intended to guide relationships between it and voluntary organisations. In my view the new Compact is weaker than the one the Government inherited but it was inevitable that they would wish to stamp their own mark upon it. The Government also abolished the Commission for the Compact, which I chaired, and introduced what it argued were stronger enforcement arrangements.

Under the new arrangements if a central government department breaches the Compact, the issue should be raised with the Secretary of State with the department concerned. Some might argue that this is an unequal balance of power but the Cabinet Office will, as a last resort, ensure fair play. The Local Government Ombudsman can investigate a breach by a local authority of a local Compact. This is a power that has existed as long as the Compact but has never been used. Perhaps it will in future.

In addition, the National Audit Office (NAO) will undertake a review of the working of the Compact and report to the Public Administration Select Committee (PASC). I welcome this because when I was Commissioner for the Compact I called for the reporting line of the Commission to be transferred from ministers to Parliament. Unfortunately, the Audit Office has agreed to do this only once. Its methodology is likely to follow a baseline study that the Compact Commission did last year and had planned to repeat annually. Once PASC has considered the NOA report it will decide on any future action. In the meantime, the Cabinet Office will be responsible for representing the Government in matters relating to the Compact and Compact Voice, based within the National Council for Voluntary Organisations, will represent the voluntary sector.

Important though the Compact is, it is but one part of the jigsaw of the Big Society. Definitions of the Big Society vary but a few themes are emerging. One is that the Government wants to move the provision of services from the various arms of the state to voluntary organisations, commercial providers, mutual organisations and co-operatives. This policy appears to rest on the belief that the state is inefficient at providing services and others can do it better and more efficiently. Although the evidence for this view is less than conclusive such qualms are unlikely to influence the policy. Nonetheless, the voluntary and private sectors have a long track record of providing services to the public that are ultimately paid for through taxation. The Big Society agenda could therefore be presented as being one of a change of scale rather than principle.

Some voluntary organisations have altered the way in which they are organised to enable them to compete for government contracts. The Association of Chief Executives of Voluntary Organisations has long campaigned for voluntary organisations to be granted more local and national government contracts. I have no doubt that many of them will do a wonderful job but lurking at the back of my mind is a suspicion that, unless the policy is implemented with more sensitivity than we have seen so far, the result might be a reduction in accountability to the users of services.

There are many different forms of governance of charities. In some, current trustees are responsible for appointing new trustees and the users of the service have no say. There might be good reasons for this but it does create a democratic deficit. In others, trustees are elected by members and can be replaced by those members. Some charities are small and closely reflect the views of members and users. Others are large and might be more distant. Larger charities have an advantage in bidding to run government contracts, as they are more likely to have the infrastructure in place. By the same token smaller charities are at a disadvantage. This can be demonstrated by the fate of Centres of Independent Living (CIL). These are mostly small organisations controlled and run by disabled people to promote the independence of disabled people. They tended to be funded by local authorities but because of the cuts in local authority support from government many of the CIL have had their funding cut and they have closed. It is difficult to see any of the national organisations offering a similar service and the effect has been the removal of support for disabled people.

An important aspect of CIL is that the policy of each one was determined by disabled people through a democratic process. Local authorities, long before Big Society, recognised that allowing disabled people to set their own policy was an important part of the service. But the Government has made it clear that they believe that organisations that receive funds from the Government should conform to government policy and not use taxpayer's money to criticise the Government. This raises a number of issues relating to the independence of those voluntary organisations that provide services on behalf of the government.

Voluntary organisations have always provided services to the public. When Henry VIII abolished the monasteries he also abolished the basic welfare provision that provided to the poor. Victorian charities were often established because a need was identified that the state was not meeting and the voluntary sector attempted to fill the

gap. It did not take long to realise that only the state was sufficiently wealthy and strong to provide national services and campaigns were waged to encourage the state to assume responsibility.

As charities now seek to take service provision back from the state there are a number of challenges they should address. The first is to recognise that many charities have a proud record of identifying need and campaigning to ensure it is met. Such activity has the potential to bring it into conflict with the government of the day. Pressure from government to refrain from criticism should be resisted. The argument that a charity that receives government money should not criticise the government is invalid because the money is not the government's - it is the taxpayers'. Moreover, as those campaigning in the failed bid for electoral reform have pointed out, most governments are elected by a minority of the voters. Most voters do not vote for, or support, the government of the day. In using public funds, governments need to exercise humility and not use those funds to restrict debate about public policy. It is possible to imagine a situation in which a policy proposed by a voluntary organisation is right and the government wrong.

I suspect that another aspect of the Big Society is that the Government proposes to shrink the welfare state and to withdraw from assuming responsibility for some services in the hope that charities without state funding will step in to plug the gap. If charities choose to do so it should be on their terms and those of the users rather than those of government. That is what localism is partly about.

In a democracy it is important that there is a plurality of service providers and that those providers are accountable to users. Voluntary organisations that provide services need to ensure that the users of the service are seen as stakeholders who are as important as the funder of the service. The danger remains that in the quest to obtain and protect their funding, organisations will be reluctant to criticise their funder and as a result poor policies will go unchallenged.

A strong government not only permits criticism but also encourages and welcomes it as a means of testing the efficacy of policies. It is a measure of the freedom that exists within a society. It must also be an essential element of the Big Society.

The independence of the voluntary sector was an important aspect of the former Compact and, although weakened, it remains in the current document. If the relationship between governmental and voluntary organisations is to be a healthy one the latter should insist on their right to criticise government policy where it is harmful to their clients, and the Government should respect and value their right to do so.

Joyce Moseley OBE

Joyce Moseley is the Chief Executive of Catch 22. She was formerly the Director of Social Services for the London Borough of Hackney and was a member of the Youth Justice Board from its inception for six years.

She is a trustee of The Who Cares? Trust and is also a non executive director of the Tavistock and Portman NHS Foundation Trust.

Joyce received an OBE in 2007 for services to youth justice.



Working Successfully with Government through Promoting Civil Dialogue

Defining what is meant by civil society remains, in part, a challenge. We have a Minister for Civil Society, Nick Hurd, and ever greater importance is attached to the concept of creating civil dialogue. We see that the relationship between government and charities is considered essential to the objects of a civil society. Nick Hurd describes charities and voluntary organisations as *'the glue that keeps communities together'* and claims *'the Sector is a very important pillar of Civil Society and we must do what we can to support and strengthen it.'*

There is no doubt that charities can be the agent of social change and that if government sees its role as an enabler then there is much for them to draw on from the well of experience within the third sector.

No government can determine effective social policy without expert guidance, taking counsel on what works and having an eye on cost and efficacy. While there may be differently held views on how to secure this, discourse with the voluntary and charity sector is of critical importance.

There is clearly a role for think-tanks but organisations in the voluntary and charity sector, through evidence-based practice, can be vital repositories of information on what works and I know of few charities that are not ready to share this knowledge with those who influence, shape and set policy within government. Unlocking this trove requires dialogue and exploration of the experiences of those with whom the charities work.

The people who access voluntary sector services bring unique perspectives and insight into how best to adapt services and also provide the statistics on their success. Catch22's programmes and services not only allow the service users to reassess their situations, but also empower them to make effective changes and become more informed and involved in the framework of society around them. By being a partner with, but not part of, the public sector, many people may view the voluntary sector with greater trust.

In this way charities such as Catch22 also hold a unique position in being able to impart useful information back to those in control of policy. This attribute, and its utility for government, should not be overlooked but there needs to be a two-way dialogue for the real benefits of this to be unlocked.

By engaging with the concept of a civil society, many have seen increased participation in politics and government schemes as a key starting point. Yet motivating people and making long-term participation sustainable within communities is the challenging part. However, it is worthwhile and brings positive outcomes.

An example of this lies in Catch22's approach to involving young people in its policy work and the success of opening up some fruitful channels of communication with MPs and government ministers.

Catch22's 24/7 service in Hampshire, which works to steer young people away from the misuse of drugs and alcohol, has been doing participation work among its users for some time. The benefits have been felt within the service, through a closer service-design fit and have reached beyond this to touch influencers within government.

A young person from the participation programme and a service manager both gave evidence to an All Party Parliamentary Group that peaked the local MP's interest. The MP is a Department for Work and Pensions (DWP) minister and sits on a cross-government drugs strategy team, and within DWP has responsibility for back to work strategy for adults with substance misuse problems. As a result the message that young people need a tailored service, and one which cannot be subsumed into adult policy, has carried into government.

This kind of purposive interaction between the voluntary and charity sector, as a conduit for the views of those it serves and government, will continue to strengthen and build a more effective relationship. Surely this is an integral part of what we hold to be a civil society?

The London School of Economics (LSE) Centre for Civil Society offers a working definition:

Civil society refers to the arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, and market, though in practice, the boundaries between state, civil society, and market are often complex, blurred and negotiated

The blurred and negotiated boundaries will become more so as government re-roles itself as an enabler, however this can only become a reality when people are empowered to engage effectively with what's going on around them.

The LSE definition continues:

Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organizations such as registered charities, development non-

governmental organizations, community groups, women's organizations, faith-based organizations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

It is this diversity that makes civil society a credible partner and a 'critical friend' to any government with ambition to be an enabler. The Third Sector is value driven and re-invests its surpluses in furthering social and cultural objectives. It is an enabler per se.

David Robinson

David Robinson leads the Early Action Task Force. He is a community worker, the Founder of Community Links and now Senior Adviser. (www.community-links.org). Community Links works with more than 30,000 people a year in East London and shares the local experience with policy makers and practitioners internationally through publications, training and consultancy.

David is also founder of We Are What We Do (www.wearewhatwedo.org), and the Children's Discovery Centre. He is a founding director of Social Finance and, as one of the architects of the Social Impact Bond, currently chairs the SIB advisory group. David led the Prime Minister's Council on Social Action for Gordon Brown and previously worked with him on the book - "Britain's Everyday Heroes". Other publications include "Unconditional Leadership", "Change the World for a Fiver" and "Out of the Ordinary".



A Stitch in Time

Failure to learn how to read in primary school has a lifetime cost to the state of between £45k and £55k. A reading recovery program costs £2.6k, has a 79% success rate and yields a return of between £11 and £17 for every pound invested (The long term costs of literacy difficulties. KPMG Foundation. 2006)¹.

For every Legal Aid pound spent on housing advice the state saves £2.34. Every £1 on debt advice saves £2.98, on benefits advice £8.80 and on employment advice £7.13. (Towards a Business Case for Legal Aid. Citizens Advice Bureau. 2010)².

Counselling the 10 year old who is struggling at primary school is cheaper and more effective than working with the 13 year old excluded from secondary school. Supporting the early stage chaotic family is cheaper and more effective than managing the consequences of delayed intervention.

Wherever you look the story is the same. Anti-social behaviour, bullying, underachievement at school (particularly in the basic skills), family breakdown, drug abuse, multiple debt, homelessness, violence in the home or on the street - all cost more tackled later. And that's at best. Sometimes later is too late for any intervention to ever be totally successful.

Officials from the Department for Communities and Local Government have been required to ask of every initiative 'how does this promote localism?' and 'how does this give power to citizens?'. Suppose policy makers in every government department locally and nationally, and in every delivery agency, were empowered with a similar mantra and expected to ask of every service 'is this at the right time?'. And, if not 'how might we next engage one step sooner?'.

Unpeeling the onion in this way seems like common sense. Why isn't it always common practise? Three reasons are most often cited. Lack of funding for prevention or earlier action in the past has constrained development, lack of development has restricted the range of tested programmes and lack of evidence has discouraged funding. One explanation compounds another but breaking this impasse now matters more than ever.

As the dust settles on local expenditure cuts and work on reconfiguring services gathers momentum we may be starting a cycle of diminishing support for early action, increasing need for acute services. Alternatively, change creates opportunity. Imaginatively reconfigured provision could switch the direction.

We have a new financial instrument for supporting early action - the first Social Impact Bond launched last year was over subscribed. It is no longer necessary to choose between prevention and crisis response but is, instead, possible, for the limited period of transition, to pay for both.

And although the rhetoric is short on substance, ministers, including the Prime Minister, are consistently sympathetic.

The conditions are in place for building a society that prevents problems from occurring rather than one that copes with their consequences.

Is this a realistic aspiration? Public health shows the way: In the late nineteenth century there was a gathering belief that public health was a proper concern for government. At first this was a minority view widely considered to be naïve and idealistic, then a gradual recognition that the issues were of economic as well as moral and social importance, and that their implications touched the whole community and all its interests. Legislation was enacted and investment committed over a wide range of concerns from sewage systems to housing, but all underpinned by a recognition that was novel at the time and that would have seemed peculiar to previous generations, a recognition that this was essentially the right thing to do, a shared responsibility in pursuit of a common goal. Within a generation concern for public health had moved from minority fad to common sense and ultimately to common practise.

Current health policy embraces a spectrum of approaches - emergency heart surgery sits at one end, blood pressure medication for those displaying specific risk indicators sits in the middle, immunisation might come next, health education on diet and exercise is close to the near end alongside decent housing, safety provision at work and clean streets. Just as we can see that the health of the nation isn't only shaped by emergency surgery, we must also recognise that 'public wellbeing', which government is now committed to measuring, isn't only dependant on secure prisons and effective policing.

Nor is it just about government or the market economy. Stable and fulfilling relationships which Dr. Neva Goodwin has characterised as the 'core economy' or the 'hard drive' in the social structure are at least as important to our resilience, our self confidence and our sense of wellbeing as a decent standard of living and a regular job. These are the building blocks of a society with not just the resources to respond but also the strengths to prevent. How do we support the development of such a community?

A swift and radical switch of resources from acute services to community building and preventative action is impractical, particularly now, but a steady, incremental migration could be achieved. Indeed incorporating such transition planning in the implementation of the Comprehensive Spending Review will be essential if the coalition is to honour ministerial promises about fairness and protecting the most vulnerable.

Government's stepped approach to the reduction of carbon emissions with Low Carbon Transition Plans is not dissimilar. Absolute proportions will vary from service to service but if the aspiration is to gradually shift the balance, government departments and local authorities might consider establishing and publishing Early Action Milestones. For example, 'we spend 5% of our budget on prevention and early action. We aim to increase that proportion by 5% each year for the next three years'.

Commissioners, charitable trusts, the Big Lottery and the new Big Society Bank could incentivise and sustain the transition in the third sector with milestones of their own, 'we invest 8% of our grants in early action. We aim to increase that proportion by 4% each year for the next 3 years'. And, of course, if we expect open and ambitious milestones from the funders, we should expect them also of the funded - the organisations delivering the services from community groups to council departments, '60% of our income is spent on early action. We aim to increase that proportion by 8% for the next 3 years'. Publicising and promoting this good practice would frame it as the expected behaviour of a progressive, forward thinking organisation.

Early Action Transition Plans would meet many challenges: Public accounting procedures, commissioner priorities, funding constraints, problems with measurement - attrition, deadweight and attribution - would all obstruct progress. We are therefore bringing new energy and cross sector thinking to the mission and have established the Early Action Task Force to lead the charge. It brings together experts and practitioners around an 18 month programme addressing the challenge from two directions:

First, unpeeling from where we are, we are gathering compelling stories that show how and why early action works, investigating the barriers to growth, evolving and promoting the necessary changes.

And second, we are building from where we want to be. We are identifying the evidence we need and advancing the process for gathering it, developing an understanding of an effective community and shaping a robust economic, social and political case for early action which is evidenced and tested, and which can inform policy and practice.

The systemic barriers are formidable but the bigger challenge is one of aspiration and ambition. Structural changes are necessary but leadership matters more. The Task Force won't deliver all the answers but I hope we will, in Emily Dickinson's tingling phrase 'ignite the imagination and light the slow fuse of the possible'.

¹ www.kpmg.co.uk/pubs/ECR2006.pdf² Saul Alinsky, Rules for Radicals, 1971

² www.citizensadvice.org.uk/towards_a_business_case_for_legal_aid

Caroline Slocock

Caroline Slocock is the founding Director of Civil Exchange, which was set up in 2011 to help government and civil society work better together. Caroline draws on government and civil society experience. At the Treasury, she advised the Chancellor on public sector priorities and reformed the public expenditure system. At the Department for Education and Skills, she won new funding for childcare services and worked closely with voluntary organisations and local authorities to deliver them. In her early career, Caroline worked as Private Secretary for Home Affairs to two Prime Ministers. She was the Chief Executive of the Equal Opportunities Commission between 2002 and 2007; and then became Chief Executive of Refugee and Migrant Justice, a not for profit organisation providing legal advice to asylum seekers, between 2007 and 2010. Amongst her achievements, Caroline successfully campaigned to improve the rights of women and families and the treatment of asylum seekers.



Making the Connection

When voluntary organisations and government work well together, it brings benefits to both sectors as well as strengthening society.

The following sets out the opportunity, considers some of the barriers and suggests some principles to transform the relationship. It puts forward one idea that might help: a fund to reward the voluntary sector for resolving social problems which would be financed through a tax on profit making organisations whose activities led to those social problems in the first place.

The opportunity

There's a rich tradition of voluntary organisations in the UK which has brought immense benefits to society and it is time to spread these more widely. The voluntary sector is often "first on the scene," spotting a social need quickly and finding the best way to meet it, tailoring its services to the very different, often multiple needs of individuals. At best, it tends to focus on the often complex needs of the whole person, rather than focusing on a single problem, and it empowers people to find their own solutions. It's often there when all else fails, and stays the course however challenging the environment.

As well as bringing huge benefits in its own right, voluntary organisations can help re-connect government to society, making it more responsive and revitalising how it works. Over the last few decades, civil society has grown dramatically. Millions of people now support voluntary causes at a time when membership of political parties has dramatically declined.

A strong connection with civil society can help government work in new ways. This is all the more significant at a time when public trust in politicians has fallen. Government also faces new challenges - so called "life zone" issues like obesity - where solutions can only be found through a new relationship between government and society - less of "doing to" and more of "working with" the people it serves.

Civil society has a deep well of knowledge and social capital on which central and local government can draw. Governments come and go whilst the voluntary sector persists. The voluntary sector tends to take the longer view and it often has an understanding of problems gained through many years experience. It doesn't give up, doing what it takes to resolve problems, however long this takes. As well as taking remedial action, it often uses its knowledge to prevent problems from happening in the first place.

Yet short term thinking may cause long term damage to civil society in the shape of public spending cuts. Reductions may be needed but this could be an opportunity to save money over the medium term by investing in preventative action, something in which voluntary organisations are often skilled. The voluntary sector should be recognised as a dynamo that generates social wealth and avoids costs to the taxpayer, rather than as something that can be sacrificed when times are hard.

The Government's commitment to well being, not just wealth creation, could lead to that sea change. In the eighties, the Government championed the value of wealth creation through the private sector amongst the general public and the civil service. This decade could bring civil society to the forefront as the generator of "social wealth."

Civil society does not always need to work with government but there are real benefits for it in doing so. The state has the power and resources to turn any good idea into a much wider service or policy intervention; and state funding can bring help voluntary organisations expand and extend their work.

The barriers

Despite the opportunities, it can be difficult for government and the voluntary sector to work well together. Three problem areas are outlined below.

Organisational and cultural barriers

The sheer scale and complexity of government can make it slow to recognise fresh thinking and respond. At the same time, it can be very hard for government to engage successfully with what can be a myriad of different organisations. The voluntary sector often struggles to find the time and resources to work with government, as well - especially small, community based organisations. Because the voluntary sector often works with the "whole person," its concerns may straddle more than one agent of government and it can be especially hard to influence government when this is so. Democratic accountability and procurement and other rules can also make interaction with the government bureaucratic, process driven and slow-moving. The Compact - which sets out positive ground rules for the relationship - is valuable but priorities nearer the coal face can seem more important and the Compact is not always followed through.

Contractual arrangements

Communication with government can diminish once the sector becomes a contractor, especially where it is in competition with the private sector. The voluntary sector can then be perceived merely as an interest group, rather than a respected partner with a genuine stake in influencing policy or designing services. Dependence on government funding can also threaten its ability to speak truth to power. Existing commissioning and contracting processes are often flawed and can reduce the capacity of the voluntary sector to uphold their mission and values, forcing them to squeeze out quality and effectiveness in the name of “efficiency.” This can happen where outputs are too narrowly defined and where quality is hard to measure. Cash payments can be delayed, making it hard for the voluntary sector to compete with the private sector, because of lack of access to working capital. Welcome reforms to commissioning have been discussed. But new forms of funding based on payment on results present new challenges.

Lack of planning and the pace of change

Wider political and financial pressures can lead the Government to change course unexpectedly and frequently, reducing the space for innovation and also making it harder for the voluntary sector to plan. The pace of change can make it hard to find time to invest in new ways of working together.

Principles for an effective relationship

Through “Civil Dialogue,” Civil Exchange has been inviting the views of leaders and thinkers in this area to help crystallise the essential ingredients for a productive relationship between government and civil society. Here are the six principles it first set out to contributors to start the ball rolling.

- The voluntary sector should be seen as a **key partner** for government, providing social wealth and well-being in a different but similar way that the private sector generates monetary wealth.
- **Government should reward the generation of social wealth** by the voluntary sector, rather than simply seeking efficiency.
- **Voluntary sector knowledge should be better used by government** - an essential ingredient in policy making and the design, commissioning and delivery of public services.

- **Government should respect voluntary sector independence and operational autonomy** when it contracts with it, as flexibility allows it to achieve the results government wants.
- **The voluntary sector’s unique financial context should be recognised** in competitive tendering processes - for example, in its ability to access working capital.
- **The voluntary sector needs to combine forces** when working with government, merging, forming coalitions or setting up umbrella bodies as appropriate.

Rewarding the generation of social wealth

Here’s just one idea that might help make a difference.

Government funding arrangements often fail to recognise the generation of social wealth, let alone reward it. Why not tax organisations that unintentionally lead to costly social problems in society, rather like environmental taxes target polluters? This could create a fund to reward the voluntary sector for reducing the impact of those problems. For example, a tax could be levied on the alcohol industry to help finance charities addressing alcohol dependency. To promote operational autonomy, funds could be independently administered by an organisation like the Big Lottery and could be given on the basis of the positive results achieved.

Julia Unwin CBE

Julia Unwin is Chief Executive of the Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust.

She was a member of the Housing Corporation Board for 10 years and a Charity Commissioner from 1998-2003. Julia was also Deputy Chair of the Food Standards Agency and worked as an independent consultant operating within government and the voluntary and corporate sectors. In that role, she focused on the development of services and in particular the governance and funding of voluntary organisations. Julia has researched and written extensively on the role, governance and funding of the voluntary sector.

She previously held a position as chair of the Refugee Council from 1995 until 1998, and is a member of the University of York's Council.



New Social Contract

Tackling Poverty in a Time of Austerity: A New Social Contract for the Common Good?

We are moving from a period of surplus to a period of deficit. For decades we have enjoyed growth and levels of public expenditure which, while by no means high in global terms, allowed for annual expansion and for a sense of development and innovation. Now we face a period of austerity. But it is not just in terms of finance that we face a deficit. We face pressures on all of our resources, and an urgent need to conserve such scarce assets.

A deficit in money and in the world's other resources can lead us to a dangerous deficit in politics and in our public culture. It can generate a mean-minded, inward-looking politics and social economy that blames some for our misfortunes, allocates scarce goods unequally and allows many to pay the price of the deficit caused by the few.

I identify three strands to the period of austerity:

- The UK government's determination to reduce the scale of the deficit by reducing public expenditure. This is a political decision; but not one that is a point of real political opposition, or dispute. The argument has been about the scale and pace, not about the need to reduce the deficit through reducing expenditure
- The on-going macroeconomic position - the UK economy is not growing
- And the imminent shortage of many of the world's resources, and the consequent increase in price of some of the resources that we have most certainly taken too much for granted. The rising price of fuel, of food, of travel, is all part of this deficit.

And associated with all these aspects of the period of deficit is the new, contested and - as yet - deeply uncertain proposed change in the proper balance of the relationship between the individual, the community, the market and the state. The defining political debate for our decade is the way in which this contract is developed, and the place where responsibility will sit.

On issues as diverse and as different as the future of social care, the state of the housing market, or the level of public subsidy to individuals locked out of the fruits of our economy, the defining questions are about responsibility. Who insures individuals against the risks of a volatile housing market? What do we expect families and communities to do for us in our periods of personal vulnerability, through age, disability or illness? Who benefits from a system of welfare that makes it hard for people to access work with any prospect of progression and stability, and yet at the same time traps them in impoverishment?

For the Joseph Rowntree Foundation, with our long-term commitment to focusing on what happens to poorer people and places, these questions are alive. They are not subjects for abstract political philosophy but rather deeply practical issues about the ways in which we organise ourselves.

In a period of deficit, poorer people and places suffer first. This is self-evident. They will have received a higher proportion of their direct benefits from the public purse and so, unless corrective action is taken, a diminution of the public purse will affect them first. And in a political and policy-making culture that increasingly sees the receipt of public goods - such as housing, or welfare benefits - as a conditional offer, one which can be used to influence behaviour, the threats to those who benefit directly are real. The threat of destitution as a means of changing behaviour is really possible for those who benefit personally and directly from the state.

Conditional welfare benefits - housing in response to a crisis but not in response to long-term need - can reduce what used to be seen as the common good to a series of individual transactions. In the development of these individual transactions, tensions between communities, between generations and between localities, can prosper. Just as the prevailing narrative of fairness can pit people who cannot find work against those hanging on to work by their fingernails, so too it can be used to describe a publicly dependent under-class whose behaviour 'needs' to be moulded.

But for civil society in general and for the Joseph Rowntree Foundation in particular, there is an entirely different approach that is both practical, and achievable. We believe that public expenditure contributes to the common good. We all benefit from a system of benefits that, however imperfect, can provide some minimal protections for all of us. We know what societies with mass destitution are like - and they are not safe or sustainable for anyone.

We all benefit from the provision of housing, not just those in desperate housing need. A mix of housing in communities is a common good, from which we all benefit. Harmonious relationships between the different nationalities, faiths and cultures that make up our communities are common goods which we all enjoy. The aspiration that we will be able plan with certainty for the vulnerability that may come with old age is part of that common good.

The new social contract for the 21st century is in danger of being a mean and pinched one that fosters division, that sees individuals in need as suitable recipients of crisis help and nothing more. It risks using a language of fairness that implies a series of individual transactions. It runs the risk of promoting the needs of the wealthy and secure against the needs of the impoverished, and disadvantaged.

An alternative 21st century social contract would assert the centrality of the common good. It would stress the need to build the resilience and capability of communities to meet their own needs. It would recognise that what we hold together is so much more important than that which divides us. It would see solidarity as a narrative with as much resonance and significance as that of individual benefit, or cost. And crucially it would allow the skills, aspirations and shared vision of communities across the country to work together to ensure that a deficit of money and natural resource can drive a greater sense of sharing and the development of a more equal and more just society.

This is the agenda for so many organisations within civil society and for the Joseph Rowntree Foundation. As an organisation that is committed to understanding the root causes of social evils, it is now increasingly urgent that we develop a strong, powerful and practical approach to the common good. One that allows people and places in poverty not just to survive, but actually to thrive, during the current period of austerity.

Nick Wilkie

Nick has led London Youth since June 2006. Previously he helped set up The Young Foundation, and before that was Head of Sustainable Funding at NCVO. Earlier he ran the retail arm of a charity trading subsidiary and worked as a front-line youth and community worker. Public policy roles include a short spell as an MP's research assistant, secondment to The Treasury during the 2002 Spending Review and serving on a number of government working parties and ministerial advisory boards related to charity funding and social enterprise. Nick has been a non-executive director of Futurebuilders and The Social Enterprise Coalition.



Government and Civil Society: A Youth Sector Perspective

In the youth sector, as elsewhere, many have remarked unflatteringly that the Big Society agenda heralds a return to 19th century style philanthropy - the suggestion being that mobilizing civil society is merely a cover for regressively cutting back the size of the state.

It is certainly true that youth services are taking a pounding (frustratingly we do not know quite how badly: until two years ago, the National Youth Agency published an annual audit of spending on young people authority by authority - as the NYA has been cut, so has the audit).

Equally there are reasonable grounds for pursuing a more subtle line, and in seeing opportunity too in the Coalition's agenda for young people.

Foremost, the Edwardians got a lot right. At the start of the old century you could scarcely move for new youth initiatives - the scouts, the guides, the flowering of the settlements to name but a few. Indeed, modern youth work (including my organisation London Youth) has its roots in the Ragged Schools Movement of the mid-19th century and the idea that young people's personal development requires more than formal education.

And with Free Schools, a Justice Green Paper predicated on the view that 'prison isn't working' and a National Citizen Service, it seems we find ourselves in a similar ferment of intellectual and institutional renewal in the debate around young people and transitions to adulthood.

As such, talk of a great societal push seems no bad thing at all.

So, delving into some detail, where can it all go right?

Three key thoughts spring to mind.

First, National Citizen Service. Bringing young people from very different social backgrounds together for an intensive burst of self-discovery the summer they finish school calls for applause. The risk, inevitably, is that independent funders and cash-strapped new administrations (in Whitehall and Town and County Halls) latch onto a slickly-branded 'innovation', think it can do more than it actually can and allow it to crowd out existing good work. A three week personal development programme is neither new nor a magic answer. Lives are changed on wet Tuesday evenings in December every bit as much as in brand new summer schemes. Yet, in working across different communities, focusing hard on quality and accessing new sources

of funding, this could be an ‘and and’ rather than an ‘either or’, so long as the focus is on encouraging participants into further volunteering and community service this could well be good news.

Second, funding. As with all parts of civil society the pitfalls of finance are so well worn they hardly bear repetition. In short, some of society’s most valuable work takes place in profoundly unstable circumstances because non-profits are over-stretched and under-capitalised.

Expanded a little . . .

1. Grants are tied to short-term deliverables with the result that:
 - Immediate outputs are prioritised over long term outcomes
 - Funding is insufficiently flexible to respond to changing circumstances
 - Planning horizons are typically limited to one or three year cycles
 - Key staff are not retained and core knowledge and competence is lost
 - There is no incentive to outperform - restricted funds are typically clawed back in the event of efficiency gains or leveraging of other income.
2. Short-termism - demands for unrealistic exit plans concoct the fiction that complex, deep-seated problems can be solved in arbitrary, fixed and short time-frames.
3. Owing to this bias towards project funding over organisational capacity (and because project deliverables are still typically costed at a marginal or near marginal rate):
 - There is insufficient investment in leadership, management and systems that ensure organisations run efficiently and effectively
 - Organisations suffer capital starvation - lacking reserves for asset acquisition, working capital and development (including research and development and innovation) and often, given their work does not generate profit, being unable to borrow or attract share capital.
4. High transaction costs - multi-funding implies multiple applications and compliance with many monitoring processes.

And yet if only we cared to look, wouldn’t we find many of our obstacles eminently surmountable with relatively modest behavioural change?

A little light reading should be required of every civil servant and minister coming within a mile of civil society funding:

1. The Compact’s Funding Code and Julia Unwin’s Grantmaking Tango - because they set out brilliantly clear typologies of funding (for projects, organisational development or systems change) and exemplify how differing intents require adapted approaches.
2. Guidance to Funders - one of the most digestible publications ever to emerge from Whitehall with practical, common-sensical tips about length of funding, balance of risk, timing of payments, reducing bureaucracy and proper costing. It’s managerial, dry and absolutely on the money. Now all civil servants and ministers have to do is read (and act) on it.
3. Funding our Future: challenges and opportunities in the next decade - David Carrington’s vision for the future replete with the gear change we need to get there.
4. Access to Capital, from the wonderful Venturesome Fund, setting out how a range of financial instruments can drive social change well beyond bog-standard revenue grants, for short-life, fixed-term revenue grants.

In particular, the Big Society Bank has an important role to play and will play its part more effectively if it acts upon five key principles, namely that:

1. Social investment cannot be used, and therefore must not be seen, as a panacea for the inevitable fall-off in public revenue funding.
2. Civil society will require a full range of social finance products well beyond debt.
3. Potential investors and investees need high grade analysis of opportunities and risks - the market is currently ill-understood.
4. Social investment retailers will need to develop specialist knowledge of the youth sector - no specialist investor in this area is extant and the development of such a retail specialism may require pump-priming by the wholesale bank.
5. Investment will need to be made in educating the demand side - understanding of social investment within the youth sector is close to zero.

Third, Government should re-discover ‘character’. Setting a desired outcome - for example, ‘reducing knife carrying’ - sounds (and is) entirely reasonable. Yet often the unintended consequence is to constrain and contort interventions towards a particular, mechanical, linear and limited approach. What may be of greater long-term value is investment in programmes looking at the whole young person, building

personal and social confidence and capacity - what our parents would have called character, and what their parents would have called moral fibre.

Such programmes, evidence strongly suggests, can develop a whole range of non-cognitive lifeskills leading to successful transitions to adulthood and, thereby, a wide range of positive outcomes.

However, because public policy and funding needs to hit quantifiable targets within time-bound horizons, there is a strong tendency to focus funding in more limited directions, and to target presenting symptoms not underlying causes.

In 2009, the Audit Commission concluded just this: that too many initiatives focused on pre-determined public policy targets and not on the complex reality of actual lives. Too great an emphasis on quantitative measures and pre-determined prescriptions leads to some weird, self-defeating dystopia in which on Monday night a young person is targeted as unemployed; on Tuesday another programme will work with the same individual to prevent an unplanned teenage pregnancy; and on Wednesday a third initiative will address the risk of knife carrying.

Funding follows problems the state can box. Agencies in turn can become so obsessed by whether a young person has been referred by the YOF or the YOT, the YIP the YISP, if they are NEET or in a PRU and if they are being commissioned to provide positive activities or IAG, that at no point is space created to engage the flesh and blood in front of them.

We need to not design the life out of work with young people.

Steve Wyler

Steve is the Chief Executive of Locality, a nationwide movement of community organisations ambitious for change. Locality brings together over 600 settlements, development trusts, social action centres and community enterprises. Locality's vision is for every community to be a place of possibility, and all its work, on community assets, community enterprise, and social action, is driven by a belief in social justice and community self-determination.

Locality was formed in 2011 through the merger of bassac and the Development Trusts Association, where Steve was Director from 2000. Over the previous fifteen years Steve worked for voluntary and community agencies and independent grant-makers. For example in the 1990s, working with homeless agencies, he ran Homeless Network, co-ordinated the Rough Sleepers Initiative in London, and set up Off the Streets and into Work.

Steve has been a member of various Government advisory groups on social enterprise, community organisations, and the third sector (Cabinet Office, Department for Communities and Local Government, Ministry of Justice). Steve is also vice-Chair of the Social Enterprise Coalition, and Board member of the Adventure Capital Fund, the National Communities Resource Centre, Thames Reach, and the ResPublica Trust. He was awarded an OBE in the 2011 New Year Honours List.



Tipping the Balance Towards Community

It cannot be said that the relationship between community organisations and the state has ever been an entirely happy experience, on either side. Every community organisation in the country has a story to tell about the appalling behaviour of the state, usually their local council. Equally, every local council (and other government agencies as well) has stories about their frustration with incompetent and fractious community groups.

Much of the unease in this relationship derives from one simple inescapable fact: a massive imbalance of resources and power. It is hardly surprising that such an imbalance has generated resentment and suspicion on both sides.

Indeed, over many years many community organisations have developed a ‘can’t live with them, can’t live without them’ attitude. Demanding action to tackle the multi-faceted issues faced by individuals, families and whole communities, organisations are continually frustrated by institutional rules and compartmentalisation, and by the risk-averse instincts of middle-ranking bureaucrats; and so they adopt increasingly adversarial stances. Yet at the same time, in attempting to tackle these problems of sections of the population abandoned by the market, they demand state support as necessary to achieving core social goals. So, more often than not, community organisations find themselves approaching the state with a brickbat in one hand and a begging bowl in the other.

The tendency of the state, not surprisingly, has been to develop a mirror-image ‘can live with them, can live without them’ attitude. In good times, the state is happy to select organisations and community leaders it feels it can do business with, to provide them with grants or contracts, and treat them as ‘representatives’. But, under pressure, government officials - often themselves overworked and undervalued - can come to resent community organisations and their constant demands. It can become easier to retreat into a municipal bunker, to denounce community leaders as unaccountable and unrepresentative, to withdraw grants and contracts, to divide and rule.

But of course, this is not the whole picture, and there have always been other stories, superb examples of co-operation and mutual respect, and many exceptions which prove the rule. These exceptions are immensely important, and over the last two decades have inspired a series of attempts by government and by the community sector to lay foundations for better and more constructive relationships.

Some of these attempts have been well meaning but ultimately ineffective. For example the voluntary sector Compact with government was an attempt to set out common expectations and a code of conduct. This mechanism proved far less

useful than many had hoped. Today the Compact is regarded by most community organisations and local councils as a reference point to determine the length of a consultation exercise, or the notice period for a cut in a grant or contract, but little more.

The shift from grants to contracts has changed the relationship, and not necessarily in positive ways. On the one hand community organisations are less vulnerable to grace-and-favour grants decisions. On the other, their underlying financial position is even more precarious, as many find it impossible to recover costs, let alone generate surpluses, from their contracts. Moreover, the recent drift towards prime-contracting models seems likely to squeeze out community organisations which are often best-placed to deliver long-lasting results.

The debate under the last government about community empowerment led to a string of positive experiments, such as participatory budgeting and community petitioning, with the declared intention of putting ‘communities in control’. However, these experiments were afflicted by a long-running and unresolved dispute. Was this really a double devolution of power and resources by government, not just to local authorities but also to neighbourhood level independent community organisations, or was it in fact a single devolution, where - despite the rhetoric - real power and resources were in fact locked inside the town hall door?

Much more promising were the efforts to promote community asset ownership, something which development trusts had long argued could be the foundation for sustainable community-led action and community enterprise. Following the publication of an influential report¹ by Barry Quirk, Chief Executive of Lewisham Council, many local authorities developed strategies for transferring land and buildings into community ownership, and in 2010 the Asset Transfer Unit estimated that around 1,000 attempts to transfer assets were underway.

Asset transfer was accompanied by a growing interest in social investment, aiming to capitalise a more independent and entrepreneurial community sector. A mix of grants and loans, accompanied by investment readiness support, leveraged other finance, including private finance. This model was pioneered by the Key Fund in Yorkshire and by the Adventure Capital Fund. To date central government support for such funds has been modest (the main example has been the £70m Communitybuilders programme), and few local authorities have yet followed the central government lead. It is to be hoped that the long-anticipated Big Society Bank will give renewed impetus to this approach.

In 2010 came the ‘Big Society’ idea, promoted as a key policy of the new coalition government, promising a significant shift from government to community, and presented as a new narrative. Unfortunately, the lack of a consistent and clear message, and the initial tendency to adopt a year zero approach and to by-pass many of the agencies best placed to realise the vision, has damaged the credibility of the Big Society concept.

Nevertheless, the proposals in the Localism Bill to introduce a Community Right to Buy, a Community Right to Challenge, and a Community Right to Build, all offer the possibility to extend the successes of recent years. Indeed, they may go further in harnessing the creativity and imagination of local people and community organisations to achieve more in their neighbourhoods.

Other plans to encourage new mutuals spinning off from the state to deliver public services, and to introduce generic social clauses into public sector commissioning, are all part of a broad effort to tip the balance, to shift power and resources a little more towards the local and community, and away from the central and the state.

The government-funded programme (which Locality is delivering) to recruit and train 5,000 community organisers, and establish an institute of community organising, is an indication that government is prepared to take bold steps in realising its vision. The initial reaction to this programme from local authorities has ranged from outright dismay to an appreciation that this might be just what is needed to encourage more people to ‘participate in the endless responsibilities of citizenship’.²

Of course, there is much cynicism which some attach to these new measures. After all, not all the opportunities are confined to communities, and in some cases allow privatisation ‘by the back door’, which - if unchecked - could result in the stripping of assets and wealth from communities to serve the interests of private shareholders.

Above all, the attempt to rebalance the relationship between state and community against a backdrop of public spending cuts is extraordinarily difficult. The speed and scale of the cuts is already leading to disproportionate impacts in the poorest communities, and disproportionate cuts to community organisations. Earlier this year Locality called for a moratorium on spending cuts to allow a ‘right to reshape’, to provide a period of time where a public body intending to make a cut would have to consult with affected community groups and users, and enter into a dialogue to explore how desired outcomes could be achieved by transforming services, by reshaping assets uses, by creating new collaborations. We are pleased that the

Government has responded, calling on local authorities to allow at least three months for such purposes, introducing new Best Value Guidance to give this statutory force, and committing all government departments to the same approach.

In the coming months and years, relationships between the state and community organisations may become polarised, and community organisations will find themselves needing to develop a stronger voice, speaking truth to power, challenging - and in some cases even confronting - entrenched interests.

At the same time, it is equally possible that the state and community organisations will find more opportunities for common cause, and embark on a series of positive and creative transformational collaborations. Hopefully the best state authorities and the best community organisations will find themselves learning to navigate successfully from one mode to the other, appreciating and respecting difference and challenging each other, as well as developing new forms of joint venture.

Will we see a tipping of the balance, the development of a new generation of state bodies, moving decisively away from a command and control mentality towards an engaged investment approach, confident in the exercise of judgement, and learning when to get out of the way? And will we see a parallel development of a new generation of capable, problem-solving, independent community organisations, able if necessary to operate at scale, but never abandoning their value base?

It will not be easy to achieve this, but it is certainly worth aiming for.

¹ Making Assets Work: the Quirk review of community management and ownership of public assets, DCLG, 2007

² Saul Alinsky, Rules for Radicals, 1971

Thank you to our contributors



Andrew Barnett
Director of the UK Branch of the Calouste Gulbenkian Foundation



Chris Bath
Director of Operations and Development at UNLOCK



Lynne Berry OBE
Chief Executive, WRVS from 2007 to September 2011



Julie Bishop
Director of the UK Law Centres Federation



Dr Douglas Board
Chair of the Refugee Council and Senior Visiting Fellow at the Cass Business School



Shankari Chandran
Head of Pro Bono and Community Affairs for Allen & Overy LLP, 2000 - 2009



Tamsin Cox
Head of Policy and Research, DHA



Kevin Curley
Chief Executive of the National Association of Voluntary and Community Action



Richard Gutch
Associate of Prospectus, freelance consultant and former Secretary to the NCVO Funding Commission in 2010



David Harker CBE
Chief Executive of Citizens Advice 1997-2010



Daniel Harris
Managing Director of DHA



Joanna Holmes
Chief Executive Barton Hill Settlement



Simon Johnson
AdviceUK



Dame Mary Marsh
Founding Director, Clore Social Leadership Programme



Sir Bert Massie CBE
Former Commissioner for the Compact and Chair of the Disability Rights Commission



Joyce Mosley OBE
Chief Executive of Catch 22



David Robinson
Chair of the Early Action Task Force and Senior Adviser, Community Links



Caroline Slocock
Director of Civil Exchange



Julia Unwin CBE
Chief Executive of the Joseph Rowntree Foundation and the Joseph Rowntree Housing Trust



Nick Wilkie
Chief Executive of London Youth



Steve Wyler
Chief Executive of Locality

In this collection of specially commissioned think pieces, leading figures from civil society and beyond reflect on the opportunities for effective working between government and civil society.

There's a feeling that, without urgent action, the speed and front-loading of recent government cuts and long-standing barriers to effective working could lead to serious damage. There are fears for the viability of some organisations and concerns about a shift from preventative action to "damage control," which would hurt the people and communities civil society serves, many of whom are already disadvantaged and disempowered.

Yet there's an alternative possibility - a "new social contract," formed around the common good, with new collaborations, public service delivery in "co-production with service users" and stronger democratic accountability, as government taps into civil society's connections with communities. That's backed up by better support and recognition for civil society as a key generator of "social wealth."

Readers will find many good ideas to help achieve this more positive vision, including changes to government funding and commissioning practices, greater sharing of experience and leadership development across sectors and the creation of new networks and collaborations by charitable trusts to work with government in new ways.

Civil Dialogue is itself a new, informal network, which Civil Exchange and DHA hope will grow and extend, helping to turn this pivotal moment into a positive one.

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