

## Mutual Action, Common Purpose: Empowering the Third Sector

Rt Hon David Blunkett MP

### About the author

DAVID BLUNKETT was elected as the Member of Parliament for Sheffield Brightside in 1987, having served for eighteen years on Sheffield City Council, with seven of those as Leader. Since 1997 he has served as Secretary of State for Education and Employment, Home Secretary, and Secretary of State for Work and Pensions. He is currently leading work for the Prime Minister on the third sector for Labour's next manifesto.

### Acknowledgements

Thanks are due to Tom Levitt MP, Rt Hon Alun Michael MP, Margaret Moran MP, Richard Burden MP, Sally Keeble MP, Fiona Mactaggart MP, Andy Reed MP, Baroness Glenys Thornton, Celia Barlow MP, David Borrow MP, Rob Ffello MP, Baroness Mary Goudie, Ian Lucas MP, Baroness Julia Neuberger, Baroness Jill Pitkeathley, Christine Russell MP, Lord Andrew Stone.

The Fabian Society is Britain's leading left of centre think tank and political society, committed to creating the political ideas and policy debates which can shape the future of progressive politics.

With over 300 Fabian MPs, MEPs, Peers, MSPs and AMs, the Society plays an unparalleled role in linking the ability to influence policy debates at the highest level with vigorous grassroots debate among our growing membership of over 7000 people, 70 local branches meeting regularly throughout Britain and a vibrant Young Fabian section and the Fabian Women's Network, both organising their own activities. Fabian publications, events and ideas therefore reach and influence a wider audience than those of any comparable think tank. The Society is unique among think tanks in being a thriving, democratically-constituted membership organisation, affiliated to the Labour Party but organisationally and editorially independent.

For over 120 years Fabians have been central to every important renewal and revision of left of centre thinking. The Fabian commitment to open and participatory debate is as important today as ever before as we explore the ideas, politics and policies which will define the next generation of progressive politics in Britain, Europe and around the world.

Find out more at [www.fabians.org.uk](http://www.fabians.org.uk)

Fabian Society  
11 Dartmouth Street  
London SW1H 9BN

020 7227 4900  
[info@fabian-society.org.uk](mailto:info@fabian-society.org.uk)

This pamphlet, like all publications of the Fabian Society, represents not the collective views of Society but only the views of the author. The responsibility of the Society is limited to approving its publications as worthy of the Labour movement. The publication may not be reproduced without express permission of the Fabian Society.

## FOREWORD

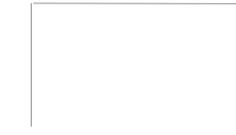
In July 2007 the Prime Minister, Gordon Brown, asked me to chair a working group reviewing the role and place of the voluntary, community and not for profit sector – sometimes referred to generically as the Third Sector – for future policy developments. A number of very experienced Parliamentary colleagues agreed to participate and I want to thank them for the substantial time, commitment and thoughtfulness which they have devoted in helping to put this document together.

This review aims to give a very clear picture of not only what is happening, but the direction in which it is important that the Labour Government should move, building on the substantial work that's been done over the last decade.

Labour is the only major political party that grew from the grass roots up – as opposed to a Parliamentary party seeking popular support from the top down. The values set out in this document illustrate the historic commitment of Labour to reinforcing the relevance of civil society – people helping people, creating mechanisms and institutions to reflect the needs and aspirations from their own lives, and joining together to make a difference through mutual action and common purpose. The 'enabling' government at local and national level is always the objective – electing representatives to make it possible for people to shape their own lives, to be empowered and to influence both policy and events. Government, therefore, has a key role as partners with those seeking to bring about change in their own lives or the wellbeing of others, and in seeking to ensure that the common good is achieved (using the mechanism of the Public Benefit Test mentioned later), and ensuring that all those responsible for investing public money or commissioning ask the question 'how does this fit into the overarching objective of securing the long-term wellbeing and empowerment of the individuals and communities served?'

In an ever increasingly global economic, social and cultural environment – with twenty-four hour, seven-days-a-week news – the anchor, stability and security of community has never been more important. The old adage think global, act local, is more relevant than ever.

The extraordinary events which unfolded in the autumn of 2008 led to unprecedented government intervention in Britain, Europe and North America, to save key financial institutions and the operation of financial markets. This underlined the importance of identity, belonging and scale. In simple terms, whilst reinforcing the importance of government (and formal political action), these events have reinforced the necessity of stability within both the lives of individuals and families, but also in reinforcing the importance of community. We therefore welcome the summit organised by Ministers and the National Council for Voluntary Organisations (NCVO) to address the challenges which the economic downturn poses, and how the Government can best assist (November 24th). Where elected governments are



The values set out in this document illustrate the historic commitment of Labour to reinforcing the relevance of civil society

# Freethinking

the only mechanism for being able to deal with global events and the protection of the financial well-being of their people, it is through personal giving, mutual action and the reinforcement of social structures, that men and women can see the difference that they make to themselves and to others.

That is why we see the advocacy and campaigning role of many organisations (from the local community through to national bodies) as important not merely in terms of a pluralistic and vibrant democracy, but also in terms of giving a voice to those who are involved with community, voluntary and not for profit groups. It is why we have espoused – and will continue to do so – the importance of the giving of time through volunteering, and seeking to restore mutuality, and therefore the cohesion and functioning of a society which is not dependent on the actions of any particular government, but on the strength developed from the neighbourhood outwards.

In other words, we need a different relationship between government and governed; between people and elected representatives; and between civil society and formal politics. In a pluralistic democracy, in an ever changing and therefore more threatening world, this is important not simply in enabling people to help themselves – it is in fact essential to maintain a civilised and civilising society.

As part of this review we have consulted both with those represented through large scale umbrella organisations, but also with small community groups and those whose voice is so often never heard. We are very grateful for the time and commitment they have put in, and for their forbearance in allowing us to draw down on their ideas and present to government ways of modernising and improving the relationship (formal and informal) between government and the sector, and providing the support needed to enable people to decide for themselves, act for themselves and make a difference to those around them. Between now and the general election, and beyond, we will infuse lessons learnt and opportunities revealed into the framework of action for the future.



We need a different relationship between government and governed; between people and elected representatives; and between civil society and formal politics

November 2008

David Blunkett

Mutual Action, Common Purpose:  
Empowering the Third Sector

<http://fabians.org.uk/publications/freethinking-papers/mutual-action>

## THE THIRD SECTOR

The importance of developing an active and vibrant democracy is self evident. We believe that offering a voice to those seeking change, wishing to develop community solutions to meet needs, as well as regenerating neighbourhoods, should be heeded and supported. Proposals for 'empowerment' are therefore welcomed, but voluntary community and charitable approaches should seek to be more than simply an alternative methodology for delivering services. It is important that they are seen as partners in developing new approaches, creative and responsive solutions, and a restoration of the glue which holds society together. In simple terms, they should encourage people to both campaign for, but equally to be active in bringing about change; contributing to a climate in which government itself can act and engage recipients of services in speaking out and in tailoring the services to their needs.

In this way, a functioning civil society can both underpin the role of enabling government and change the relationship between formal politics and informal action, thus restoring confidence in both participative as well as representative political processes.

Labour recognises the role that Third Sector organisations can play in achieving social change and building stronger, fairer communities. The continuing drive to create a fairer society lies at the heart of Labour's values - a society in which poverty is eliminated, communities can thrive, and individuals are able to use their talents to best effect.

A number of organisations have already discussed the values which those working in the Third Sector should see as core to their activity. We believe such values which we seek to espouse and to reinforce through government action include:

- Independence: Embodying people's right to associate and organise to help themselves and others, independently of the state.
- Social justice: Making a difference and promoting lasting social, environmental and economic change, for example through different ways of doing business; campaigning; and giving people a voice in the community and in the workplace.
- Valuing people: Valuing volunteers and the paid workforce by striving towards best practice terms and conditions, good HR and training and development.
- Diversity, dignity and respect: Recognising and celebrating diversity and viewing this as a strength, both in relation to society and to the sector; promoting social inclusion and equality of opportunity by reaching out to and engaging with the most disadvantaged and excluded communities.
- Participation and empowerment: Enabling people to participate in their community and places of work; give their time and money to causes they care about; have a greater say in the decisions that affect their lives, collectively and individually; and greater control over their local economy.

A functioning civil society can change the relationship between formal politics and informal action, thus restoring confidence in both participative as well as representative political processes

- Collective wealth creation and social entrepreneurship: Using surpluses to further social objectives; investing in human and social capital.
- Responsiveness: Providing quality goods and services (including support and advocacy) in response to people's needs.
- Sustainability: Working towards sustainable economic and community development, for example through economic regeneration; developing people's skills and capacities; and building social capital within and between communities.

One way of ensuring that mutuality and interdependence are recognised in practice is by giving people the opportunity to develop social enterprise alongside that of more traditional public service and private enterprise. Whilst this form of delivery is not a panacea for all ills, it has the benefit of engaging those delivering, those using, and those drawing down on the service. For example, many Housing Associations (that don't fall easily into any category) are developing social entrepreneurial activity and encouraging community leadership. Additionally, where there is tenant participation, they are including imaginative ways of tenant management, in ensuring that there really is the development of community capacity, the development of social assets, and the building of community spirit.

Labour recognises the value of diverse Third Sector organisations in providing a voice for under represented groups; campaigning for change; creating strong, active and connected communities; and in promoting enterprising solutions to social and environmental challenges.

We have helped underpin the work of the Third Sector by introducing the 2006 Charities Act, investing in the sector's capacity, and developing specific measures, such as Gift Aid. The Third Sector Review Final Report sets out a detailed strategy to work with Third Sector organisations to promote social and economic regeneration, and to strengthen their distinctive role in public service delivery. We are committed to new funding to promote community participation and the importance of campaigning, through £117 million for youth volunteering; a £50 million community endowment fund; £85 million more to build the sector's capacity to be a voice for its communities; £70 million to launch a Communitybuilders scheme to support community organisations; and £7.5 million to establish an Empowerment Fund to support national Third Sector organisations.

It is vital that groups who do not have the professional skills or the social capital within their neighbourhood to be able to easily access funding sources, are supported and helped to do so. Too many times, the distribution of key resources fails to be targeted at the most disadvantaged or focussed on helping build a critical core of capability, and fails to act in changing the culture and stimulating enterprise and regeneration. That is why we welcome a new initiative – The Foundation for Social Improvement, and its principle objective of working in partnership to learn, share learning and help build long-term sustainability and capacity in the Third Sector. This helps make it possible for small not for profit organisations to access what might otherwise be out of reach. We also welcome very much the announcement made jointly by the Cabinet Office and the Department for Innovation, Universities and Skills of a Third Sector skills body to identify and address skills gaps and shortages for charities, voluntary groups, social enterprises

and other Third Sector organisations. Funding of £2.5 million through to 2011 will help to ensure that the skills needs of the Third Sector are enhanced.

Of course, local government has a crucial role both in terms of how their full-time, paid offices approach the issues relating to community and voluntary empowerment; but also in terms of whether they're prepared to engage in community development, and a recognition of the impact which multiple deprivation and ingrained disadvantage has, not just on the individual, but on the whole capacity of the neighbourhood. Despite enormous efforts by government to do so, many Local Authorities are seeking to reverse strategies which were aimed at narrowing the gap between those substantially advantaged and those with intergenerational disadvantage. They spuriously argue that they are in fact targeting individuals – when it is the renewal of community, and the interaction within neighbourhoods which is so crucial to lifting individuals not only out of poverty, but low expectation and often limited aspiration.

For active citizenship to mean something in practice, it is necessary for government (national and local) to enable those with the time and inclination to do so, to learn and develop leadership skills in their neighbourhood, or in their organisation. This is a corollary to the development of trained representatives working on behalf of employees – such as shop stewards, health and safety or learning reps – in order to genuinely facilitate those in the community to be able to have their voice heard, and to be able to organise to be part of the solution on the ground. We have created (and renewed) the funding arrangements under Futurebuilders, and put in place Capacitybuilders, which is part of building social capital – developing assets which are not solely individually or corporately owned, and reinforcing the sense of identity and belonging so important at a time where globalisation creates instability and insecurity; thus liberating the skills and potential of men and women to be able to add value to the economic, social, environmental and cultural life of the place in which they reside or work.

There is a challenge here to try and ensure either closer integrated working or the amalgamation of these funding streams – to ensure the creation of a one stop means of application (either electronically or through hard copy) for financial support and advice for small and medium sized voluntary groups, rather than the complex methods that currently exist. Both Charity Bank and Keyfund (in many regions) are doing an excellent job in this area. Charity Bank has arranged appropriate low interest loans valued at £83 million over the last 6 years. One further, major beneficial change for the future will arise from new legislation relating to Unclaimed Assets held by financial institutions – which in future can be put to use in investing in publicly beneficial programmes. The true scale of what may become available is not yet clear, but the social investment over a number of years may well be so considerable that building the capacity of the voluntary, community and social enterprise sector would be substantial.

Furthermore, active citizenship – including stimulating the involvement of young people – is already part of government policy, whether in the National Curriculum or in the development of youth opportunity agencies funded by government to stimulate such engagement. It is important therefore, to build on the substantial progress already made with programmes that could capture the imagination of young people and contribute to the social well being and social cohesion – and at the same time build the confidence, self esteem and self fulfilment – of those involved.

## COMMISSIONING, CONTRACTS AND THE COMPACT

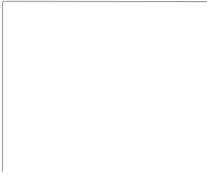
The development of the Compact was an important initiative to resolve the difficulties existing between government at every level, and the voluntary sector in terms of consultation, cooperation, what legitimately is appropriate for grant aid (and core running costs), and many other issues. Ministers have asked the Commission for the Compact to make proposals for extending the Compact to cover commissioning in appropriate areas (and the basis on which they should be conducted).

One of the key issues arising from the consultations we undertook related to the question of commissioning, contracting and the role of the Compact – whether the Commission for the Compact should be statutory, and whether the Compact itself should be given new teeth.

The organisations we consulted were consistently concerned with the ineffectiveness of the Compact – particularly how easily it could be ignored without intervention. There is a general lack of awareness surrounding it – many authorities do not sign up, and although terms and conditions exist, ideas about enforcing them are weak – and important aspects such as full cost recovery can easily be disregarded. The lack of understanding and commitment to enforcement of the Compact needs to be seriously addressed.

We believe that those organisations campaigning for the Commission for the Compact to be made statutory, and enabled to produce codes of practice to provide real power at local level, are correct. Achieving what is set out by government in terms of changing practice on the ground is never easy. That is why the work of the Audit Commission alongside the Commission for the Compact (and in particular the effectiveness of monitoring Indicator 7) will be critical. We would therefore recommend that the Government take early steps as part of their empowerment agenda to ensure that there is both clarification and constructive change, so that power and not merely assertion and appeal can bring about change. In this regard, we welcome the consultation initiated by the then Minister for the Third Sector, Phil Hope MP, on August 7th 2008 to debate the future of the Compact, its form, content and implementation.

There needs to be a real understanding of how those involved in delivery should also have a voice in policy. This is not contradictory, nor is it anti-competitive. It is common sense in terms of ensuring that those who are at the delivery end - involving and working with people - can actually help to shape and inform change in the delivery of services, and not merely contract for, or be commissioned by, people who are removed from the reality of what's taking place on the ground (see recommendations 30, 32 and 33 of the Public Administration Select Committee's report 'Public Services and the Third Sector: Rhetoric and Reality', published July 9th 2008). Undertaking a Public Benefit Test to additional public investment would yield enormous results - particularly if this were accompanied by a requirement, where appropriate, to demonstrate public participation and engagement in both decision taking and delivery. In this way, environmental, social and economic benefits could be



The lack of understanding and commitment to enforcement of the Compact needs to be seriously addressed

better tested, and the wider impact on improving the functioning of family and community could be evaluated. We note the Government's programme for training 3,000 public sector commissioners and to stimulate 'intelligent commissioning' – which could be coordinated and unified to avoid departments of government or agencies from duplicating, rather than learning from, best practice.

Many small organisations carry out absolutely vital work alongside and with the people they serve - rather than simply contracting the traditional delivery mechanisms. It is vital that there is a full examination of the way in which departments of government, agencies, Local Authorities and Primary Care Trusts are actually commissioning and contracting work (see recommendation 5 of the 'Understanding Public Services Industry: How Big, How Good, Where Next?' report by DeAnne Julius, written for the Department for Business, Enterprise and Regulatory Reform). This fits in with the announcements already made by the Secretary of State for Work and Pensions in relation to the delivery of welfare reform and putting jobs at the heart of overcoming poverty – the right to bid!

There must be a justification for large scale, 'wholesale' contracts (prime contracting) including via regional development agencies and the like, which exclude small organisations. Large scale operations are often dominated by private enterprise with a greater bidding power, who then franchise to the very groups that have been excluded from the commissioning and contracting process in the first place. This is not just unfair: it is counterproductive. It wipes out innovation and enterprise, and encourages money being spent not on the delivery of service, but on the contracting and franchising process undertaken by those groups that have won such large scale contracts.

This may cut out the difficulty and challenge to the civil service or major agencies, but it merely transfers it to the 'agent' winning the overall contract. As a result, before resources are delivered to those actually providing the service on the ground, there is a top-slice. This cannot be acceptable within a policy framework which looks for responsiveness, flexibility and accountability, as well as expecting involvement by users of services. It is in fact the very opposite of government policy.

There is also the issue of 'market building', where there is absolutely no point in putting out contracts that small organisations, enterprises or cooperatives are not in a position to bid for. We agree with the Public Administration Select Committee's recommendation 22 in their report "Public Services and the Third Sector: Rhetoric and Reality", published July 9th 2008, which recommended: "if government wants to involve the smallest organisations who sometimes offer the most distinctive services, it may have to look at doing a number of things:

- radically simplifying its tendering processes;
- helping organisations to bid, and in particular helping them to form

consortia and allowing sufficient time in the commissioning process to do so;

- incentivising prime contractors to work with Third Sector sub-contractors and build their capacity to participate in the commissioning process; or
- identifying opportunities to advertise contracts at a significantly smaller level.”

However, the ever-increasing role of contracts must not over-shadow the importance of grant funding. The consultations undertaken have demonstrated that insecurity of funding is a constant and ongoing concern. Competing for contracts with large scale private enterprise offers one threat. Another is the role of short length, out-sourced contracts which allow the provision of service to be planned on a time-limited basis only, and not for the longer term. In addition, funds arising from commissioning and contracting often distort the nature of the service provided – with top-down priorities and conditions being attached without consideration of local circumstances or need.

Funding via grants therefore has a critical role to play. The added value offered by those within the Third Sector needs to be recognised with local grants supporting local groups - who in turn are able to provide services tailored to, and determined by, those on the ground, without limitation.

The added value offered by those within the Third Sector needs to be recognised with local grants supporting local groups - who in turn are able to provide services tailored to, and determined by, those on the ground

There has been a move to provide three year start up funding but this is not yet universal. The switch from regeneration budgets – New Deal for Communities, and the Neighbourhood Renewal Fund – to Working Neighbourhoods funding is already causing many small community initiatives considerable financial difficulty. There is, therefore, an urgent need to look at linking different funding streams (including from Regional Development Agencies) to sustain local initiatives - particularly where adult education and training programmes have not been deemed appropriate (or outside areas eligible) for Working Neighbourhood funding. In some areas (particularly where European Objective One provided eligibility to very large sums), the successor arrangements have led to confusion where, unlike previous and agreed practice, a blockage is preventing the joint use of European Regional Development Fund and European Social Fund funding together in a way which is helpful not only in sustaining socially worthwhile projects, but also key training arrangements relevant to ensuring a rapid return to employment at a time of economic downturn. This should and could be rapidly resolved by the use of flexibility and common sense.

Coordination between local regeneration projects aimed at getting people into work, and the Train to Gain funding which is currently under spent, would yield considerable results. Adult and family learning could be a crucial part of preparing people for a return to employment, and equipping them with new skills. Therefore the first tentative steps in building confidence and in opening up new horizons could come from using Train to Gain in a flexible and imaginative way. The greater flexibility announced by John Denham, Secretary

of State at the Department for Innovation, Universities and Skills, is therefore very welcome. We recommend that this greater responsiveness can be built upon to re-engage the important area of lifelong learning - including the development of the community leadership skills so essential to sustainability in terms of both regeneration, and community and voluntary self help.

Lack of access to Foundations and Trusts is a challenge for all historically disadvantaged communities. The result is that they are often more reliant on local and central government funding, and have more difficulty in bidding for project financing when they need funding to cover their core costs. There is therefore a need to ensure there is funding for start ups and core costs, especially for voluntary sector organisations catering for minority groups. There is also a need for three year start up funding to give groups a chance to get on their feet – year on year funding is inappropriate for an organisation trying to start up.

Research shows that some black and minority communities have unequal access to public services, or have special needs that are not met by public services. The Third Sector is particularly well placed to meet these needs.

## Recommendations

- 1) The Commission for the Compact should be made statutory and given stronger powers. A framework should be created so that the code to which all parties work in implementing the Compact should spring from the statutory basis of the Commission - which would provide them with powers to monitor, investigate, intervene and make recommendations.
- 2) The Commissioner should have a clear role within Whitehall, working with the Office of Government Commerce as well as bodies like the Audit Commission and the relevant inter-departmental bodies, to embed an understanding of the sector within Whitehall's commissioning machinery.
- 3) There should be a review of contracting arrangements for central and local government practice, together with substantial agencies such as Primary Care Trusts. The term 'world class commissioning' should be more accurately defined, and those who are doing the assessment should themselves be properly trained, tested against activity and delivery on the ground, and be familiar with the not-for-profit and community sector. This should aim at identifying ways in which coherent, cost effective, but community based contracting could be retained, and large scale commissioning or contracting could be avoided wherever possible.
- 4) Where large scale contracts are established, there should be explicit requirements relating to the 'surplus' that can be retained when subcontracting of direct services is identified.
- 5) Best practice models on commissioning and contracting should be established and shared, in order to overcome blockages created by

‘competition’ precluding bottom-up innovation. Facilitating smaller organisations coming together in order to bid for contracts would be both valuable in using talent and experience, and would also provide a fairer and therefore a more competitive ‘market’.

6) Not for profit agencies and voluntary/community groups should be offered full cost recovery and committed to reinvest surpluses in the development of the provision over and above the commissioned/contracted work. Where the liquidity of the contracting Third Sector organisation is an issue, staged payments should be possible, including advance payments, with only the final or bonus payments dependent upon outcomes.

7) We recommend that measures be examined to extend the concept of ‘market building’ and provide a collaborative avenue for smaller, niche organisations to cooperate in both tendering and delivery. We therefore welcome the launch of a £1 million Tender Fund announced by Futurebuilders, and designed to minimise the impact of prohibitive tendering costs on bidding by Third Sector organisations.

8) The length of contracts should be extended, to avoid the perpetual chase of replacement and continuation funding. Contracts should focus on ends rather than means - tailoring services to the needs of the user or consumer, and drawing on the strength of those who have expertise, hands on experience and contact with those receiving the service.

9) Performance for Third Sector organisations should be measured against jointly agreed criteria. This is not the same as measuring performance in purely commercial organisations - very often there is increased value if a service is delivered by a Third Sector organisation. A Public Benefit Test should therefore be considered.

10) We welcome the report written by DeAnne Julius for the Department for Business, Enterprise and Regulatory Reform, “Understanding the Public Services Industry: How Big, How Good, Where Next”, which sets out the state of play in public service commissioning. We recommend that the suggestions set out in the report be carefully considered and taken forward by the Government.

11) There should be sufficient security - including minimum three year grant provision, and where needed, tailored exit strategies. Continuity of funding should depend on continued performance in relation to service provision.

12) Consideration should be given to a ‘risk fund’ which could be directed through existing grant giving organisations, to kick-start innovative programmes or co-fund voluntary contributions.

13) Gift Aid should be retained from 2011, but offering both individuals and corporate givers greater incentives and continuing sustained benefit

# Freethinking

recipients. The delayed impact of the reduction in basic rate income tax on the proceeds of Gift Aid after 2011 should be minimised by the careful timing of the introduction of measures proposed in this paper.

14) Greater advice and direct support should be provided centrally and regionally for developing sustainability.

15) We recommend that whilst maintaining the discreet objectives and purposes set out in the terms of reference of Futurebuilders and Capacitybuilders, it would be sensible to examine amalgamating the structures – a one-stop shop creating ease of access for projects seeking support and reducing unnecessary overheads. Clearly, this would entail ensuring both loan finance and grant aid remain available, tailored to the specific needs and sustainability of the projects seeking support.

16) There should be a commitment to maintaining the Big Lottery Fund and its commitments to retaining the cash value of funding for voluntary organisations throughout the Olympic period, and despite the current economic downturn, the potential benefits of the post-Olympic asset-sale from which the sector may gain additional investment. In this regard, we welcome the Big Thinking consultation being undertaken by the Big Lottery Fund from November 17th on how best it should distribute the money it receives until 2015.

November 2008

David Blunkett

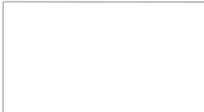
Mutual Action, Common Purpose:  
Empowering the Third Sector

<http://fabians.org.uk/publications/freethinking-papers/mutual-action>

## COMMUNITY DEVELOPMENT AND NEIGHBOURHOOD EMPOWERMENT

At its best, voluntary action and volunteering is at the very grassroots – the neighbourhood and community in which people live their lives. That is why even when there are paid coordinators (with support from local as well as central government), it is important to count neighbourhood and community activity as part of the Third Sector.

What is important here, is not simply the commitment of individuals (which occurs as we've described, in all sorts of settings) but the critical core of building the capacity, the culture and the self belief which enables communities in the most disadvantaged areas to be able to take control, to exercise influence, and to be able to build a future for themselves. We therefore welcome the announcement on September 4th 2008 of the £130 million Grassroots Grants programme. This is divided into two parts: an £80 million small grants fund for community organisations; and a £50 million endowments programme designed to build capacity to provide long-term funding for frontline community organisations.



We welcome the announcement of the £130 million Grassroots Grants programme

Of course, this cannot be done without support and intervention from not only local and central government, but often from foundations and those prepared to engage in Corporate Social Responsibility. There are many significant examples across the country, but one of the longest standing is the Balsall Heath Forum in Birmingham. This is an example of those who have not only transformed a previously very deprived and disadvantaged area into one in which people would now like to live, but also in making a significant contribution to improving substantial social and cultural problems.

Linking people from all manner of faiths and backgrounds into campaigns to 'clean-up' the area has been remarkable. Not only in tackling the most obvious symbols of urban decay – drug addiction, prostitution and physical deterioration – but in building a positive way forward. It has lifted the capital and assets of the community for both the local economy and value of the area, as well as improving the desirability of the neighbourhood. Hard work and commitment has paid off, turning round what otherwise would have been insuperable problems.

That is why the Guide Neighbourhoods project, which was initiated from the Home Office, actually linking community with community, has been such an important example of self help.

Fighting bureaucracy has been one of the challenges. Because of the contradiction of devolving and decentralising funding on the one hand, and an unwillingness at local level to fund across boundaries on the other, the cash and investment to continue this programme of spreading best practice has actually been pulled. Central government have delegated this to local level, but this commitment has not always been translated into practical action at Local Authority level. Some Conservative controlled councils have particularly bad

records here.

Local Authorities who do not understand and have not experienced the importance of neighbourhood renewal brought from the bottom-up rather than top-down, have resisted finding scarce resources for stimulating the continuance of new ways forward.

We very much welcome the announcements in 'Communities in Control: real power, real people,' published by Hazel Blears on July 9th 2008, to allocate £70 million to launch a Communitybuilders scheme to support community organisations; and £7.5 million to establish an Empowerment Fund to support national Third Sector organisations. We recommend that this welcome additional funding should be dovetailed with a future of Capacitybuilders and the work of Futurebuilders, as indicated in this paper.

It is clearly sensible to use some of the additional funding announced by the Government on July 9th to promote the exchange of experience and good practice, and to change the approach of those employed by public agencies in roles relevant to community development, to achieve participation, inclusion and empowerment.

This could be linked with a neighbourhood audit in looking at what public resources go into an area, and allowing local people to have some influence over their direction and prioritisation. The Community Assets Programme is particularly welcome in this regard, with its aim of community empowerment facilitated by the transfer of genuine assets from local authorities to the Third Sector for community benefit. The programme, currently of £30 million for 38 regional partnerships, should be monitored and expanded where appropriate.

In this way, it is possible to envisage an entirely different way of delivering services and of inspiring people to want to be involved in the future of their own locality. But this will involve not only a leap of faith, but also a substantial reform of civil service and local government structures – it is not yet clear that government are prepared to take such a risk.

## Recommendations

17) Further to the announcements in 'Communities in Control: real power, real people,' we recommend that some of the additional funding announced should be used to restore and promote communities sharing experience and best practice.

18) There should be detailed neighbourhood audits of all forms of public expenditure going into particular defined neighbourhoods; and work building on the 'Communities in Control' White Paper to facilitate local people developing a menu of influence and intervention on redirecting and coordinating the use of such resources to build social capital, increase the asset base, and tackle poverty and disadvantage directly. The key objective would be to achieve agreed outcomes and to integrate strands of public policy to offer

# Freethinking

November 2008

David Blunkett

Mutual Action, Common Purpose:  
Empowering the Third Sector

<http://fabians.org.uk/publications/freethinking-papers/mutual-action>

greater coherence as well as accountability. Given the very different needs, depth and intensity of disadvantage, auditing public resources should be an opportunity to assess not only the effectiveness of resources, but their targeted availability based on indices of deprivation - and not merely of historic, population based allocation. Multiple and widespread disadvantage is cumulative and adds up to a greater challenge than that faced by individuals with equivalent needs in more affluent settings.

19) There should be properly focussed training for paid staff working for public authorities and agencies in a collaborative approach with community/ neighbourhood groups, volunteers and the wider voluntary sector.

20) We recognise the value that faith and interfaith groups have in some communities. We should build on the experience of the Faith Communities Capacity Building Fund in encouraging faith groups to play positive and inclusive roles in all communities where they are present.

21) Funding should be made available to organisations such as the Media Trust to assist smaller and more local voluntary and community sector groups to gain publicity for their cause, attract new volunteers and make an impression on bodies which are potential sources of funding. This could be done by expanding the Community Newswire programme, and engaging college and university media studies in providing help, advice and technical know-how. There is also a crucial role for local radio, and for refocused public service broadcasting access for community groups – for example, Community Service Volunteers which has demonstrated its power to mobilise citizens to take action in a multiplicity of ways – particularly powerful during the 2007 floods.

22) Given that Community Amateur Sports Clubs (CASCs) are currently unable to claim Gift Aid on membership subscriptions, and those without property assets cannot claim the new rate relief, ways should be sought to provide financial assistance to those CASCs without property assets which is equivalent to that given to those that do.

## PHILANTHROPY AND CORPORATE SOCIAL RESPONSIBILITY

The landscape of the charity sector has changed over the past decade with a rapid increase in the number of charities and those employed in the sector. However, until the financial upheaval during the autumn of 2008, our giving habits had roughly remained the same, and in some cases have even worsened. The number of people who donate regularly – around 54 per cent of the UK population – has declined slightly in 2006/7 and the overall level of donations is flat. In short, there are more charities competing for less money – exacerbated by the fact that, at the time of publication, real fears are emerging of a substantial shortfall, including the impact of fluctuating capital investments.



The number of people who donate regularly has declined slightly in 2006/7 and the overall level of donations is flat

The most significant change has been the emergence of a growing group of high net worth individuals who are taking seriously their social responsibility. Having said this, corporate social responsibility is not yet a feature of the landscape, as it is in the United States, and as it was in the late 19th and early 20th century in the UK. Many want to give their earned wealth away in their lifetime. These donors are asking for more accountability from charities, they are less likely to take the intrinsic value of charities for granted, and they want to see the impact of their donations

Despite tax breaks which Labour has introduced for charitable giving, the increase in charity income is more due to statutory rather than voluntary sources - government needs to encourage a culture of giving.

Rich people should be encouraged to contribute more:

- The wealthiest 10 per cent in Britain represent 56 per cent of the nation's wealth, but only 21 per cent of giving.
- A CAF survey in 2004 found that many of the higher social groups felt they could afford to 'double their giving'.

Others, who are wealthy but feel insecure about their ability to continue giving at the same rate, could be encouraged to give more if tax breaks took account of the changing pattern of giving, and the nature of wealth distribution.



It is often those least able to give who proportionately give the most, and it is from these individuals and families that heartfelt giving can promote the wellbeing of those around them

But it is often those least able to give who proportionately give the most, and it is from these individuals and families that heartfelt giving can promote the wellbeing of those around them. A good example of this was the aftermath of the 2007 floods where in South Yorkshire alone, over £1.6 million was raised from local people and local businesses to help those in dire distress.

Being pro-philanthropy is not an attempt to cut government spending on welfare and charities. There is plenty of research to support a 'crowding in' theory, whereby donations from individuals act as a signal to government that a cause or charity is worth supporting, as was the case with green charities, hospices, HIV/AIDS etc. We therefore welcome the channels which already

Too many people seem to see government and charities as mutually exclusive, even engaged in antagonistic relations, which is frustrating given how many partnerships exist in reality

exist to encourage philanthropy such as the Community Foundation Network. This represents community foundations dedicated to strengthening local communities, creating opportunities, tackling the issue of disadvantage and exclusion, and targeting grants that make a genuine difference to the lives of local people.

Similarly, when charities get a large membership (e.g. RSPB passed the million member mark), they are more likely to be taken seriously by government, not decrease their influence. Too many people seem to see government and charities as mutually exclusive, even engaged in antagonistic relations, which is frustrating given how many partnerships exist in reality.

Sadly, the generosity of individuals is not always matched in this country by the extent of corporate giving and the development of corporate social responsibility – which can be seen particularly in the United States. As we indicate later, there are real possibilities here, but it is important to translate the commitment of employees into more tangible, large scale giving by successful enterprises. There are companies operating prize draws for employees in exchange for a regular, sustained contribution. In this way everybody benefits – members of staff have the chance of winning an attractive prize, regular social investment is made available, and the company receives the tax relief – and such programmes should therefore be promoted. It is encouraging that even those enterprises affected by the world financial destabilisation have in the main continued to back their Foundations and Trusts. There is, however, much to be done.

In order to encourage giving of all kinds, reassurance on standards and outcomes are important - and of course the probity of those seeking support. We therefore welcome the Fundraising Standards Board (which has recently completed its first full year of operation), initially funded by the UK Parliament (and Scottish Parliament), but designed to be self-funding from 2010. It is the self-regulatory body for fundraising in the Third Sector, enforcing the sectors codes of practice, giving donors a point of recourse should they have concerns about fundraising, and promoting best practice amongst sector professionals. We hope the Fundraising Standards Boards presence encourages and fosters a culture of giving. In addition, we welcome the role of the Charities Aid Foundation (CAF) which works to stimulate giving and social investment, enhance the giving environment and improve the financial circumstances of Third Sector organisations. CAF proactively engages with Government and works with individual donors, charities and companies to facilitate tax-effective giving and undertakes a wide range of research projects.

Giving time is as valuable as giving money - which is why providing role models for mentoring, volunteering and for specific targeted programmes (such as environmental improvement), as part of the wider development of corporate social responsibility is so important.

## Recommendations

23) We propose to adopt the principle of the lifetime legacy, whereby major donors to charitable causes can donate an asset during their lifetime, enjoy a tax concession in doing so and continue to possess or use the asset. At the same time the asset's ownership and value is transferred to the good cause, as is the asset itself upon the donor's death. In the mean time the good cause can use the asset's value as collateral for borrowing purposes.

24) The concept of the Child Trust Fund should be extended so that there is a specific tax break at the point the fund matures, for a specific part to be donated in order to foster an attitude and culture of giving. It might also be possible to allow additional tax relief to parents and grandparents wishing to add money to the Trust Fund for charitable purposes.

25) As part of developing and reinforcing citizenship teaching in the curriculum (and expanding both initial and in-service training), we recommend continuing support for both the production of materials, and the ongoing work of the Association of Citizenship Teachers and international perspectives such as G-Nation and DEA.

26) Government has an important role to play in providing a framework that sends a positive message welcoming all givers. A national recognition scheme, which thanks people who have given time, money or expertise to good causes, should be developed, with junior levels which could encourage young philanthropy. We therefore welcome the announcement of a 'philanthropy manifesto' by the Community Foundation Network, considering how the Government can encourage voluntary sector organisations and philanthropists to promote giving locally.

27) Government must continue to develop traditional ways of giving - legacies, direct debits, payroll giving, Gift Aid etc, as they are such an important source of predictable and sustainable income. But it should also give the lead in developing new ways of giving, such as enabling people paying bills to round up and direct the surplus to a good cause, which could be matched by a government contribution. Good regulation of charities is key to retaining confidence - the Government should review the operation of the Charities Act within five years to assess its impact.

28) The 2006 Charities Act provided a modern framework for regulation of the sector – including assigning responsibility for defining, assessing and implementing public benefit to the Charity Commission. For the future, we should encourage The Charity Commission to pro-actively adopt this role, including helping charities to work together, and where it is in the interests of the charitable causes, to encourage and support mergers between charities. Mergers between small and local funds are often precursors to the establishment of Community Foundations. For example, The Shaftesbury Society and John Grooms became 'Livability' in order to provide better services to people with disabilities. Furthermore, Age Concern and Help the Aged are in the process of a merger. The Commission might also consider interim or probationary charitable status for a year, with a report back before long-term designation is granted.

## VOLUNTEERING

Three quarters of all Britons have 'volunteered' at least once in the last 12 months. Half of us volunteer on a monthly basis. The size, scope and diversity of the 'voluntary sector' is huge, as is its capacity to influence both the success of implementing government policy and even the outcome of a general election.

The so-called Third Sector not only includes classic volunteers but also the community sector, at long last being recognised by government in policy terms, and increasingly the not-for-profit business sector. This includes social enterprises, cooperatives, Community Interest Companies and similar bodies.

The image of volunteering has been modernised as its depth and diversity have been recognised. It is a much more organic sector than the brigade of charity shop volunteers, volunteer drivers and fête organisers who are traditionally regarded as its core. Trade union activists, magistrates, special constables and Britain's millions of carers are volunteers. The sector successfully delivers a large proportion of residential care, funding for medical research and the lifeboat service. However, research has shown that more people would volunteer if asked. Therefore, in the context of personalising health and social service, awareness of the skills needed to work with volunteers needs to be developed at all levels and performance indicators could be adopted to illustrate the progress made in harnessing the skills and time offered by volunteer citizens.

Labour has the vision of a society where voluntary activity flourishes and where all individuals and communities are enabled to play a full part in civil society

Labour has the vision of a society where voluntary activity flourishes and where all individuals and communities are enabled to play a full part in civil society. We recognise the importance of volunteering in building social cohesion and cutting social exclusion in our communities - thus are committed to creating an environment where volunteering can thrive. Volunteering does not only benefit those who receive help, it benefits the volunteers as well - volunteers themselves seek and gain personal fulfilment, experience of responsibility and commitment and, increasingly, the acquisition of transferable skills.

There are very many good examples of volunteering and support for personal giving of time across the world. Some of this clearly does not fall strictly into the criteria of 'volunteering' because people are supported through stipends, accommodation and the like, to be able to give their time. In this sense, we have to be clear when volunteering is 'purely giving of time' and when it is the 'facilitation' of people giving an alternative part of their life to the cause and service of others, even though there is some necessary remuneration in order to support them. This of course, would be true of voluntary service overseas, but equally true of the development of intensive and therefore sustained (immersed) volunteering in this country. Doing this in a way that demonstrates that there can be a much larger pool of those prepared to give even a short part of their life to the well-being of others, is worth examination. This would take us beyond the very substantial work that has been done over the last ten years including Millennium Volunteers, the expansion of volunteering following the

If the current climate does not appear appropriate for a mandatory period of personal giving of time and talent for all young people, it is important that significant incentives are provided to encourage volunteering

Russell Commission, and the developments of v and other activities since. 'v' is a national scheme committed to creating 500,000 volunteering opportunities for young people over the next three years.

In simple terms, any expanded program should not merely seek to mirror initiatives such as Americorps, but to actually design intensive volunteering in our own country. In this regard, if the current climate does not appear appropriate for a mandatory period of personal giving of time and talent for all young people between the ages of 16 and 25 (which over the years has been something politicians have toyed with), it is important that significant incentives are provided to encourage volunteering. Such incentives could include enhanced support through further or higher education; or for younger people, a top up to their Child Trust Fund; or other forms of very specific help in the transition between education and work, or education and enhanced training/personal development. This would have an impact not simply on the individuals volunteering, but also in terms of changing the nature and culture of the communities affected, by ensuring that those involved see themselves in a different light. This is a crucial part of developing the critical core of civil society and reinventing the glue that holds it together.

We have also created a global volunteering scheme to enable young adults from less advantaged backgrounds to take part in ten week programmes abroad, with participants living and working in communities in developing countries.

In partnership with VSO, Labour has made it financially easier for public sector workers to volunteer overseas, by offering their pension contributions to be paid while they are abroad. British communities will benefit from the experience of teachers, nurses and other professionals volunteering abroad when they return to the UK.

Continued work in partnership with the Third Sector is vital to ensure that volunteering is properly supported and encouraged. In response to the Commission on the Future of Volunteering report, Manifesto for Change chaired by Baroness Neuberger, we are committed to opening up volunteering opportunities for people in all parts of society. We welcome the Morgan Inquiry report of June 2008 focussing on young adult volunteering and producing recommendations on how barriers preventing volunteering might be removed - including release from work for regular giving of time, and revised arrangements for those unemployed to have volunteering properly recognised and supported.

The services that volunteers provide can be of a stand alone nature, or complementary to those provided by the public sector. They can even be fully integrated into the public sector. It is particularly welcome therefore that Anne McGuire MP, with all her experience as Minister for Disabled People, has taken on the role of Cabinet Office adviser on Third Sector innovation - on how public services can both work with, and benefit from, the responsiveness and flexibility which the Third Sector can bring in the delivery of public services

and expanding the role of volunteers.

For example, the National Health Service should be encouraged to involve volunteers to signpost patients and families when approaching hospitals and formal units, to act as gatekeepers in relation to avoidance of hospital acquired infections (through the use of hand wash), and to assist those who are distressed or lonely. In addition, trained volunteers could assist nurses and nursing assistants in the essential task of ensuring that at meal times, the most vulnerable patients actually receive food and liquids – given the real danger of dehydration and/or malnutrition, particularly in respect of elders. Equally, there will be tremendous opportunities in the development of imaginative social care as our population increases its longevity, and the challenge of supporting all of us through ageing affects society as a whole (as spelt out in the Government's Green Paper and consultation). Volunteers, including those who are themselves retired, could play a very important role in sustaining independent living.

Mentoring is of course, part of this process. There are many examples where individuals are giving their time to mentor others in the education system and in the return to work following periods of long term unemployment. Mentoring will always play an important part in helping those who have experienced mental health problems, and in ensuring that there is someone on hand to provide guidance for those experiencing volunteering themselves for the first time – for instance using this as a stepping stone back into work as part of the Government's Pathways to Work pilots. This of course can be part of a much wider thrust to raise aspiration, to open up opportunity, and to accelerate an improvement in Britain's social mobility. The Social Mobility Foundation (a voluntary Trust) is one example, but there are also many others.

Equally, mentoring and befriending have long been important in working with families. Home-Start is one example of those prepared to work intensively over a long period of time (after being trained) to help keep families together, to help at times of crisis, or to overcome - for whatever reason – disfunctionality. This clearly can be part of society healing itself, engaging with the most critical part of maintaining a civilised society – namely, the building blocks of family into community.

The Criminal Justice System is another area where the voluntary and community sector could, and should, be supported in making a contribution. This was the original intention of establishing the National Offender Management Service in order to bring in organisations that could help with the transition from prison to community, and in avoiding re-offending – as well as working with young people in danger of offending. Many successful examples of this exist, but there appear to be no mechanisms for ensuring that this is an essential and central part of the implementation of policy development. Equally, the concept of community justice centres being piloted in Liverpool and Salford, which replicate the Red Hook experiment in New York, rely on local people being part of the solution – mentoring, supporting and working with offenders both in terms of fulfilling agreed programmes, and avoiding re-

offending.

In addition of course, there are hundreds of different volunteering opportunities ranging from literacy and numeracy support in schools, to individual one-to-one work with vulnerable families. Many individuals require particular physical or practical support because of their special needs, or help for those experiencing loneliness and depression to reconnect to the world outside. 'Taster' opportunities to volunteer without long-term commitment are an important pathway to longer term engagement. For example, CSV's Make a Difference Day, Action Earth and BBC local radio stations, annually engage over 200,000 volunteers – with some 64 per cent still involved six months later. The significance of these initiatives in terms of volunteer recruitment should be supported and encouraged.

Fundamental to such a policy is respect and recognition of volunteering itself. Voluntary organisations have aims and means of achieving them which cannot be dictated from outside. The independence of voluntary organisations must be respected: if there is to be 'mission creep' as they work in partnership with others then this must be willing and intentional so as to avoid resentment.



Voluntary organisations have aims and means of achieving them which cannot be dictated from outside. The independence of voluntary organisations must be respected

Volunteers are not, and must not be regarded as, cheap labour – their involvement however, is a powerful recruitment pathway, as the police service and NHS have discovered. Relationships with the sector at all levels of government must be positive and respectful. They must not be seen as a means to an end, such as cost cutting or offloading responsibility for the sake of it. Above all, the act of volunteering must always be voluntary.

We should continue to distinguish between encouraging volunteering by the young in a framework of active citizenship, and carrying out practical acts of active citizenship in the curriculum - without taking the 'voluntary' out of 'volunteering'. In France, Germany, Italy and the USA, the government has established twelve-month programmes to engage young citizens in civic service for health, elder care, education and environmental protection. Research shows the direct benefits far outweigh the costs. Additionally, participants are more likely to vote and less likely to be involved in crime or gangs, or be unemployed. As we prepare for compulsory education to age 18, such a programme could offer a critical pathway to full citizenship.

There is a need to ensure that all secondary schools adhere to the mandatory requirement that all Head Teachers are committed to, and understand the importance of, inculcating and embodying citizenship as part of a holistic and rounded educational programme. Evidence is clear that where this subject is taught imaginatively, consistently and with enthusiasm, the overall performance of young people in both academic and vocational subject areas improves tangibly. Above all, it changes their perspective on themselves and those around them - building respect and their contribution as rounded human beings. Action is needed from the Department for Children, Schools and Families to ensure that all schools adhere to the law, that initial and in-service training is expanded, and that the National College for School Leadership

engages with Head Teachers and Principals of colleges, in achieving a step change in delivery.

Sport in particular is an issue which illustrates some of the challenges and opportunities which exist for volunteering. A survey has found that 70% of sports club administrators felt that concern about the level of responsibility required of sports club volunteers prevented people from volunteering. There is not yet the right balance between necessary safeguards and burdens. For example, portability of Criminal Records Bureau (CRB) checks has been a particular issue for sport.

New guidance has addressed some of the issues regarding risk assessment of when CRB checks are required and portability of CRB reports, but this issue raises wider concerns, for instance, where support is being offered to more than one voluntary organisation or school, and when working with children. One individual had to undergo five CRB checks within the space of two years in such an instance. An urgent review is therefore required, to apply common sense to such situations.

More broadly, many of the challenges facing volunteering are drawing it towards 'professionalisation' in the broad sense of more effective organisation. There is a tension between maintaining the motivations of volunteers, while the voluntary sector in sport is pulled towards a professionalism more consistent with a service delivery organisation, as sport competes with other leisure-time opportunities.

The promotion of good practice in volunteer recruitment and retention must recognise that many sports clubs continue to maintain adequate volunteer numbers by the traditional unstructured means of mutual enthusiasm, with members helping when required. The traditional strengths of the voluntary sports sector in this regard should be cherished.

The key for Olympic volunteering is linking Games-time volunteering to broader voluntary work. The London 2012 Olympic and Paralympic Games should be a springboard for the growth and development of volunteering in sport and in communities in the UK.

The 2012 Games will require around 70,000 volunteers. Recruitment for those volunteers will start in 2010 when the official 2012 Volunteering Programme will be launched. Games-time volunteers will receive appropriate training for the duties they will carry out. However, the volunteering programme is intended to use London 2012 as an opportunity to inspire everyone to develop their interests in volunteering, and more widely in the community rather than just provide for the staffing needs at the Games themselves. This wider target is the key challenge. That is why we are recommending that recruitment should begin a year earlier than proposed, to facilitate a contribution to wider community regeneration, and to the necessary training and preparation of those involved. Organisers aim to create a 'family of volunteers' post-2012, alongside fostering a new volunteering spirit, and improving opportunities

and training.

## Recommendations

29) Volunteering should be promoted by the Government as an end in itself, not least via government's and local government's roles as employers. Whilst it is important to promote the values and rewards of volunteering throughout the education system – respecting the fact that volunteering must remain voluntary - it is also important to promote active citizenship as part of the work within the citizenship curriculum. Action is therefore needed from the Department for Children, Schools and Families to ensure that all schools adhere to the law, that initial and in-service training is expanded, and that the National College for School Leadership engages with Head Teachers and Principals of colleges, in achieving a step change in delivery. Red tape around volunteering should be kept to a minimum – for example, there must be absolute clarity at the interface between benefits and volunteering, improved user-friendliness of the Criminal Records Bureau (CRB) check system, and formal recognition of skills acquisition through accreditation. Furthermore, the CRB checking system should undergo an urgent review to allow common sense to prevail.

30) Work to promote volunteering in specific areas of society, such as the young and the elderly, should continue with additional emphasis on Black and Minority Ethnic Communities. It is absolutely clear that for an ageing population, the opportunity for people who are no longer in full time, paid work to be able to volunteer is enormous. We should stimulate and support this, including contributing to the more economic and flexible use of independent budgets for independent living.

31) Better communication within and between the sector and its partners will ensure a more equitable and transparent access to grants and funding streams. It is essential that the sector has a healthy organisational core, based on diversity of its funding base. Special consideration to promoting both giving and payroll giving, especially in the light of changes to the Gift Aid concession in 2011, should be undertaken.

32) Government should broker ways to help charities and small community groups tap into the business, financial, and fundraising expertise they need, without feeling threatened. Schemes which link giving of money and time should be developed. The contribution of money rich, time poor people can be treated in the same way as those who are able to give time but not money.

33) Incentives should be offered to major employers to release staff for specific 'volunteering' opportunities which link time from work with time out of work – so that the essence of volunteering is maintained, whilst facilitating the delivery of experience, or hands on commitment. This can increase employee loyalty and provide a new setting in which skills can develop. One imaginative example of this would be 'specials' working as trained volunteers

with the Police Service – supporting action against business crime as well as work in vulnerable communities. Examples of this already exist, but the potential for a citizen-based community protection programme is enormous.

34) The Government should monitor and support the development of leadership within the Third Sector (for those organising both volunteering and community action), including the new initiative funded through the Clore Duffield Foundation - the Clore Social Leadership Programme for aspiring leaders within the Third Sector.

35) Although for many volunteering is a self-justifying activity, we recognise that people have many reasons for taking it on. For some it may be to acquire skills, for others it will be to ease their way back into the workplace after a break. We should undertake to provide both groups with access to training opportunities which lead to recognised qualifications in transferable skills.

36) Whilst we welcome the further reassurances in the Welfare Reform Green Paper published on July 21st 2008 ('No one written off: reforming welfare to reward responsibility'), there is still much more to be done in relation to the transition from unemployment into work. The workless are a particular group which would benefit from a positive volunteering experience. We should ensure that barriers for Employment and Support Allowance or Job Seekers Allowance claimants to volunteer are reduced, and that claimants are given clear, accurate and positive advice by Jobcentre Plus staff on the opportunities for volunteering – and its value, as well as how volunteering may affect their rights as claimants. We therefore welcome the Third Sector Taskforce announced by James Purnell, Secretary of State for Work and Pensions, on June 5th 2008 to explore the potential role for the Third Sector in welfare-to-work reform – and we would wish to see the representation widened to ensure that local community groups are also involved. The Taskforce is chaired by Tony Hawkhead and is expected to report in early 2009. Additionally, the announcement made on October 15th 2008 as part of the Government's very early response to economic turbulence worldwide, focussing £100 million from DWP/DIUS in relation to unemployment, could be an opportunity to get those who require confidence building experiences to engage with volunteering as a stepping stone back into paid work.

37) We acknowledge and welcome the coordinators at local and regional level which have now been put in place under the auspices of 'v', working with long standing volunteer bodies. Their emphasis on short term or ongoing but restricted volunteering (in terms of time commitment), can be complemented by the creation of a much more intensive critical core, with additional incentives provided as outlined: an entirely voluntary but substantive civil volunteer corps, which would be a non-military option for engaging large numbers of young people in a life-changing experience, way beyond anything that can be achieved with, for instance, a short six-week volunteering option. Such a core could, for example, provide necessary support services to disabled people and reduced mobility air passengers who

are now entitled by law (further to the European regulation which came into force on July 26th 2008), to the same access to air transport as any other passenger flying from airports in the EU.

38) Therefore, recognising the significant investment required to introduce a nationwide and full-time opportunity for volunteering for all young people, such a programme should be trialled in two or three cities (or boroughs or towns). This would be part of a pathfinder programme to demonstrate what could be done, what lessons might be learnt, and how best to approach an expansion from 'demonstration cities' into a wider sponsored programme for universal opportunities.

39) All public service bodies should be asked to look at how best to use the talent of young and old alike – to aide the development and delivery of service, and improved quality and responsiveness for the public. The activities of 'v' and partner organisations in relation to public service should therefore be re-examined. In addition, the concept of abolishing the regulation which excludes volunteers under the age of 18 from caring for older people should be examined.

40) We recommend, therefore, that the National Health Service should be encouraged to involve volunteers to signpost patients and families in hospitals, to act as gatekeepers in relation to avoidance of hospital acquired infections, and to assist those who are distressed or lonely. In addition, trained volunteers could assist nurses and nursing assistants in the essential task of ensuring that at meal times, the most vulnerable patients actually receive food and liquids. Equally, that volunteers should be recruited and trained in relation to major airports to help those with disabilities or difficulties – as is the case in Canada. We also recommend urgent action to promote voluntary and community sector engagement with the Criminal Justice System, and the role it can play in rehabilitative and preventative measures.

41) All those taking up retirement pension should be supplied automatically with details of volunteering opportunities, including given contact details for local and regional voluntary action coordinators.

42) Recruiting for the 2012 Olympics should begin from 2009 onwards rather than 2010. Volunteers should be integrated into wider programmes of community regeneration leading up to activity during the Olympics and beyond.

43) Properly trained and accredited volunteers should be recruited to assist not only with the digital TV switchover, but also with aiding individuals and families to be able to better use technology - including tele-care for isolated or frail individual men and women. This could be coordinated with recruitment for the Olympic Games to integrate training and skills.

## TRADE UNIONS AND THE THIRD SECTOR

The voluntary and community sector (even without social and cooperative enterprises) is now a substantial employer and, together with unpaid work, contributes enormously to our economic and social wellbeing. It is estimated that over 600,000 men and women are employed in paid work in the Third Sector:

- Employment has grown from 483,000 in 1996, to 611,000 in 2005 and it now makes up over 2 per cent of the UK workforce.
- Two out of three workers are women, and 40 per cent are part time.
- Nearly 20 per cent of workers have a disability.
- Far higher percentages work in small workplaces than in either the private or public sectors.
- Median pay ranges from £56,000 for directors to £12,500 for junior staff.
- Temporary contracts are common and turnover around 22 per cent per year.
- Pension provision is haphazard.

Amongst Third Sector employers, the report 'The Way Ahead: Trade Unions and the Third Sector' (sponsored by Acevo), observes no general hostility to unions, but does highlight the low Trade Union membership of Third Sector employees. Half of the respondent organisations had no employees covered by a union, which is of particular significance given that suspicion towards active engagement with unions seems to be strongest amongst employees that have themselves had less involvement with unions to date. The report also suggests that grievances and disciplinary rates are higher than in the private or public sectors - for example there are wide variations of practice in Human Resources, training and staff development.

However, many concerns of unions organising in the Third Sector relate to the environment in which the sector operates, and they mirror those often raised by Third Sector organisations themselves. These include frustrations about bureaucratic demands from funders; the large variety of potential funding streams - and the time and effort required to access these; inadequate compliance with the Compact; and the tendency of the contracting culture to suppress creativity and 'voice' in the sector. These shared concerns of Trade Unions and the Third Sector are, therefore, best tackled collectively.

The primary role of unions organising in the Third Sector will obviously be to represent their members - which inevitably means that their interests will sometimes diverge from those of Third Sector organisations as employers.

It is important that Trade Unions continue to support volunteering and community action, and are encouraged to play a full part in doing so

However, on a broader level, Trade Unions were born to give a voice to working people through combined mutual action. In many ways, therefore, Trade Unions and Third Sector organisations have similar collective objectives, and there is in fact an argument that unions themselves are a part of the Third Sector. That is why it is important that Trade Unions continue to support volunteering and community action, and are encouraged to play a full part in doing so. Additionally, more should be done to ensure that mechanisms are in place throughout the sector to promote good relations between management and unions, and to help resolve disagreements speedily and effectively.

## Recommendations

- 44) Government should promote greater cooperation between the Third Sector and Trade Unions, perhaps via a 'Union/Third Sector Protocol', or a good employer kite mark scheme? A jointly agreed Union/Third Sector dispute resolution mechanism should also be established.
- 45) Involve unions in the establishment of a Sector Workforce Development Council, in the Social Clauses Project Board and more regularly in strategic reviews of mechanisms such as Capacitybuilders.
- 46) Promote the use of Social Clauses in contracts to promote good practice, and encourage the unique contribution which Third Sector organisations can make in public service delivery.
- 47) Develop a portable Third Sector Pensions Scheme and resolve outstanding problems relating to the rights of individuals, and the funding contributions of employers, when voluntary and charitable organisations are seeking to amalgamate or substantially change their structures. There should therefore, be a review to assist the Pensions Trust Growth Plan related to pensions for charities.
- 48) Celebrate the contribution that voluntary and community organisations can make to community empowerment, and extend this to the re-affirming role of Trade Unions as themselves agencies of community empowerment in the world of work. For example, the Trade Union Community (an amalgamation based on the ISTC) and its community arm Communitas are particularly engaged in education and retraining. The identity of Trade Unions as a distinct part of the Third Sector should be promoted, with a re-energised role as social partners and in the wider community.

## SOCIAL ENTERPRISE AND COOPERATIVE DEVELOPMENT

### Cooperatives

The Cooperative Movement includes cooperatives and mutuals that operate in all sectors of the economy and society. It covers a wide range of businesses and services to meet diverse economic, social and cultural needs. From food production and retailing, to banking and financial services, cooperation in the 21st century has moved into areas as diverse as housing and care provision, and leisure and sport.

Unlike their competitors, cooperatives are driven by more than the pursuit of profit. Whilst they strive to be successful cooperative businesses, they are run according to a set of values and principles, and are grounded in the communities they serve.

The application of the Cooperative Ideal can make a significant contribution to the Government through two separate strands of engagement:

- The first is through promoting cooperative or mutual enterprises – both in traditional form and in innovative enterprises which are proving relevant to the ‘information age’.
- The second – which is sometimes overlooked by officials and the agencies of Government – is by refreshing public services through community engagement and innovation.

There is a tendency to overlook the effectiveness of the Cooperative Ideal as a driver for business, for engaging citizens, and in delivering social and environmental benefits to the ‘triple bottom line’ (measuring success in terms of economic, environmental and social performance). This is because images are often drawn from the heyday of the Cooperative Retail Movement, rather than the wide range of progressive cooperative businesses that are having a significant impact on the “information age” of today.

The Cooperative Ideal has a potency and freshness for the UK in the 21st Century. The attraction of the cooperative model is not that it is easy, but that through investment of time, effort and commitment, the returns in the broadest sense can be greater – ‘together we achieve more than we can alone’ is not the same as ‘together we’ll find it easy.’

Britain is not a fertile ground for sowing the seeds of modern cooperative endeavour, and the cooperative institutions that we do have do not reach deep into the infrastructure of our society - locally, regionally or nationally, as is the case in some parts of the world. Why, in the country that invented cooperatives, do we not have the powerful organisations that one can find in many regions of Italy for instance – which pull together all the links in the food chain?



The attraction of the cooperative model is not that it is easy, but that through investment of time, effort and commitment, the returns in the broadest sense can be greater

Industrial and Provident Societies include organisations as varied as WI Markets, social clubs, bee-keeping associations and many other organisations that contribute to both the economy and society as a whole. Some industrial developments have been distinctly co-operative in their nature. Examples include the development of Supply Chain Partnerships which reward joint working and, in the construction industry, the New Engineering Contract which creates an incentive for excellent performance and timeliness – both of which are in the mutual interest of the contractor and the Government alike.

One current example is the field of Internet Governance and online crime where there is scope for the cooperative approach to be applied in a new context. Online criminal activity is a relentlessly moving target, whose velocity is too great for it to be affected by legislation alone. In light of that, the best way to introduce a level of accountability into the constantly evolving environment of the internet is to develop a cooperative regulatory partnership involving the four key parties: Government, Parliament, Industry and Civil Society.

Crucially, in this proposed partnership, guidance and direction should be based upon contributions from all four partner groups, with Government acting more as co-participant rather than leading a top-down process.

In coordinating the respective resources and expertise of the four key groups above, we stand a chance of creating the kind of cohesive vision and cooperative momentum required to tackle the dangers and challenges of the current online environment – which was described in a recent House of Lords report as reminiscent of ‘the Wild West.’

The cooperative model is making a significant and growing contribution to the economy in the 21st century. But in both their rhetoric and their actions, government agencies continue to underestimate that contribution, and the capacity of the sector to grow.

Foundation Hospital Trusts were controversial in some quarters, but were supported by the Cooperative Party because they have the potential to increase accountability to the public. Some of the first Foundation Hospitals have demonstrated that public service reform can benefit from community engagement using the “best practice” of cooperative governance.

However, there is a great deal more that can be done in relation not only to the health service but to a whole range of bodies that have been established to devolve resources, decision making and prioritisation. Increasing their accountability and responsiveness, governance and structures of accountability is therefore crucial in developing the influence of cooperative, mutual, and social enterprise objectives.

A mutual or cooperative that is expressly established for the benefit of the community, and does not distribute profits is nonetheless a business – as is a social enterprise. It is frustrating to see such businesses confused with

voluntary organisations. It is important that the distinction is made because some commentators describe cooperatives as part of the 'social economy', and this can mask some very important differences between the two principal types of mutuals.

Whether within the wider Third Sector, or through the application of mutuality to public service delivery, cooperative principles have a key role to play in engaging local communities and supporting community development through their unique democratic structure.

Legislation passed in recent years, with the support of the sector and the help of the Treasury, has helped to modernise the cooperative business model in parallel with modernisation of company law. This has included the creation of the Community Interest Company and the Community Interest Mutual, which both allow an 'asset lock' to be placed in business to protect the public interest against the sort of predatory action that has undermined the building society sector, and undermined some other mutual organisations. We should remove the inequalities which make it easier for a company to do business than an equivalent mutual, and create a level playing field for future competition from businesses of different structures.

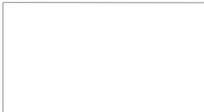
## Social Enterprise

Social enterprise is a business model which offers the prospect of a greater equity of economic power, and a more sustainable society by combining business efficiency with social and environmental justice. These are sustainable for-profit businesses that enable communities to take a more active role in shaping their local environment, develop people-led services, create employment and embed skills and wealth at local level by re-investing their profits back into their social and environmental goals.

Social enterprises range from local and community based organisations, to national and even international, multi-million pound enterprises. They include development trusts, housing associations, leisure and football supporters' trusts, credit unions and social firms.

There is huge potential in the role social enterprises can play in responding to some of the most entrenched social and environmental issues facing our communities today – while simultaneously contributing significantly to the UK economy. Social enterprises are distinct from non-profit organisations of the Third Sector – such as charities, voluntary and community groups – and the sector has been growing, particularly over the last five years, and now has cross-party support.

As innovators, social enterprises are often pioneering ground-breaking ways of doing business and meeting new challenges. Their added value comes from the engagement of stakeholders and the way in which profit is used to maximise social and environmental benefits.



There is huge potential in the role social enterprises can play in responding to some of the most entrenched social and environmental issues facing our communities today

Social enterprises can make a significant contribution as agents of public service delivery, regeneration and economic development. They are able to harness the power of local communities – catalysing regeneration and promoting active citizenship. Development Trusts, for example, have pioneered sustainable approaches to development; housing co-operatives have a proven track record in community empowerment and cost-effective property management; and in rural areas, community owned shops and pubs are vital to locking in long-term prosperity. Those working within public services meanwhile, are actively competing in sectors from recycling and waste management, to leisure and housing – providing solutions to market failures.

By combining a public service ethos with a commercial focus on efficiency and good business practice, social enterprises are able to deliver on the things that really matter whilst remaining both independent and sustainable. They are not there to build shareholder value, rather to improve the experience for all people using the service. Not only do social enterprises frequently have a close understanding of and commitment to their client groups, but their customers, employees and other stakeholders are frequently involved in governance of the enterprise, or engaged in the design and delivery of the services provided. And it is thanks to this particular structure that social enterprises often manage to succeed in areas where both public and private business models continue to fail.

A number of outstanding examples, such as Greenwich Leisure, have demonstrated that public services run by a social enterprise can win widespread support from employees and the public, as well as being efficient.

- A recent YouGov poll, commissioned by the Social Enterprise Coalition, found that 64 per cent of the British public said they would choose a social enterprise to run their local services.
- The online poll which surveyed 2,287 adults found that social enterprises were the preferred means for delivering public services such as healthcare, rubbish collection and transport.
- Given that only 7 per cent of the UK are engaged in some form of community or entrepreneurial activity, with focused efforts mainly in London and the least in the North East, there is a clear need to further facilitate establishing such organisations.

We therefore very much welcome the proposed establishment of a social enterprise unit, which will help the promotion, the profile and the delivery of effective, high quality social enterprises – first announced by Hazel Blears on July 9th.

There is a considerable role for social investment. Discussions are already taking place in relation to the concept of the social investment bank, and a great deal of work has been done on this. The Growth Fund, the Savings Gateway, and the work done to promote credit unions, have all helped. The

Government is at the moment, undertaking a feasibility study in relation to the future availability of credit for those individuals and families in greatest need - reshaping the social fund, its availability, and wider role. Work to develop the concept of micro or social credit fits in with this overall framework of development of self help, innovation and personal enterprise.

Access to capital still serves as a serious barrier to the growth of social enterprise. A future Labour government should continue and increase support to Community Development Financial Institutions (CDFIs), and specialist investment funds for social enterprises. They are best placed to supply credit where there is a greater social need, but lower levels of profit to motivate other lenders.

The announcement by the Department of Health for the Social Enterprise Investment Fund is therefore very welcome. This will make available £100 million over a four year period from 2007, to support social enterprises of health and social care services, as well as encouraging social returns and sustainability.

## Recommendations

### Cooperatives

49) The cooperative model has the capacity to deliver business and community outcomes. Building in the best practice of cooperative governance in an imaginative way has the capacity to transform the delivery of services. One example is Welsh Water: owned by Glas Cymru, a single purpose company with no shareholders, and run for the benefit of customers. Financing efficiency savings are largely used to build up reserves, insulating Welsh Water and its customers from any unexpected costs, and improving credit quality so that cost finance can be kept as low as possible in the years ahead. These savings have also funded some additional discretionary investment in service improvements and the annual 'customer dividend'. We recommend that, suitably adapted, this experience could be transferable to provide a Mutual solution in other areas of public investment, and the Government are recommended to consider across departments, how this might be taken forward.

50) Cooperative and mutual structures frequently deliver organisations that act in the interests of the community, and can offer solutions where other models have failed. Government now needs to be more innovative and imaginative in applying a cooperative model rather than limiting its vision to the classic 'company model.' We recommend that further work be done on suitable comparators with examples of successful working on other European countries, and the potential for the European Union to be more innovative in spreading best practice, and encouraging the European Investment Bank to provide the necessary capital.

51) As always in a family, the cooperative movement needs to be careful

to work with others, and for the movement to see itself as a part of the wider Third Sector. The Co-operative Ideal is alive and well, and gathering new enthusiasts – but we recommend that cooperation in the UK must be much more outward-looking and all-embracing than it has been in the past. This would entail looking for new avenues (for instance social care) where cooperative working can reinforce the operation of civil society in meeting essential need through mutual action.

## Social Enterprise

52) A future Labour Government should make use of fiscal incentives to stimulate the growth of social enterprises by enhancing competitiveness, encouraging investment and promoting innovation. There should therefore be a review of tax breaks for investment in social enterprises; tax relief for those social enterprises that re-invest their profits for the benefit of the community; and tax relief for any business where more than 25 per cent of the employees have a defined disability.

53) There should be continued and increased support for Community Development Financial Institutions (CDFIs) and specialist investment funds for social enterprises. They are best placed to supply credit where there is a greater social need, but lower levels of profit to motivate other lenders. We should therefore support the creation of a social investment wholesaler, and explore how to support social investment from individuals and companies through community bonds, share issues and the creation of a social stock market.

54) A clear vision should be set for the future and diversity of public service delivery, and the role of social enterprises within this. This should include the development of a more sophisticated means of measuring efficiency focussed increasingly on measuring outcomes and social and environmental return - rather than focussing on processes, inputs and lowest price. There should be annual measuring and reporting of public sector performance by the Government, and a 'value for community' index should be considered by the Treasury.

55) Regional Development Agencies (RDAs) and Local Authorities should play a key role in boosting the growth of social enterprises at a regional level through appropriate support measures. Each RDA and Local Authority should have a clear plan and adequate resources to deliver this, including indicators by which to measure progress.

56) Community Interest Companies are a new, innovative and successful business model which should be promoted more strongly as a means of making community activity self-financing and sustainable.

## CONCLUSION

To all those who have assisted with the final drafting, those who have given their time during consultations and those who have been prepared to submit written material, I offer my sincere thanks and appreciation.

This report is a stepping stone, and not a final word. It is, however, a means by which immediate steps can be taken to build on the substantial progress already made by this Government and their partners at every level, and to contribute to the ongoing and vigorous debate which is part of the dynamic of the Third Sector.

The establishment of the Office of the Third Sector has assisted in ensuring that ideas can be dovetailed into wider government policy, and that further work can be undertaken on recommendations that require more detailed research or examination before final implementation is possible.

Action is needed to draw together the wide range of programmes and proposals, funding streams and un-coordinated announcements of new initiatives, in order to provide easy to understand and accessible information. We welcome the work of the Office of the Third Sector in this regard, but believe that an accelerated timetable for achieving these goals is necessary. This would give a substantial and comprehensible picture of the considerable support, financially and otherwise, to the sector. Initiatives should be drawn together to provide cross-departmental and cross-cutting programmes, rather than disparate, individual approaches.

The recommendations listed are therefore an interim stage and not final conclusions to taking forward a radical and comprehensive approach to this important area - an area of reinforcing the value and importance of civil society; of community development and regeneration; and of engaging the time, energy and experience of so many, giving so much for the benefit of others.

If one thing above all refutes the suggestion that Britain is broken, it is the strength of our Third Sector. It demonstrates, in essence, the very existence and resilience of civil society. Where that resilience or social glue has been washed away, families lack support, communities become fractured, and it is the job of the Government to support and help their renewal.

We know that Ministers responsible for policy, and providing the support needed for the Third Sector, will continue drawing down on the work done. This will ensure that the progress is continued towards maintaining and reinforcing social cohesion, self determination, and innovation in overcoming problems; so opening up new opportunities and engaging all those keen to make a difference in changing the world for the better.