CIVIL SOCIETY STRATEGY ENGAGEMENT EXERCISE

NCVO response

May 2018
Established in 1919, the National Council for Voluntary Organisations (NCVO) is the largest representative body for voluntary organisations in England, with over 13,000 members. NCVO champions voluntary action: our vision is a society where we can all make a difference to the causes that we believe in. Volunteering and a vibrant voluntary sector deserve a strong voice and the best support. NCVO works to provide that support and voice.
Introduction

At NCVO, we think that a thriving, independent and diverse civil society is key to the future success of our country. We welcome the government’s ambition to develop a civil society strategy so that it can better support the actions of millions of people who everyday make a difference to the causes that they believe in.

There is much to build upon. The British people are incredibly generous. We have a proud tradition of helping others, giving time and money, sharing skills and coming up with new ways to solve problems. Whether it’s helping to look after a local park, providing advice on mental health or helping out with sports for children, we come together through charities and community groups. Together, we work on the issues we care about, pursue the interests we enjoy and help change our communities, country and world for the better. At NCVO, we think people getting involved, whether it is pursuing their interests or helping others, are among our country’s biggest assets. The civil society strategy can help build on this.

There is much to do. If we want more people to participate more of the time, we need to make it easier to get involved. If we want civil society to play a bigger role in providing the services that people rely upon, we need to find new ways to build sustainability and resilience that bring in new resources and partners. And if we want people to have a greater say in what goes on in their communities, we need to make getting involved more worthwhile and really enable people to make a bigger impact. The Strategy can help to achieve these aspirations.

We view our response to the Strategy consultation as the starting point of a dialogue that all too often has been missing in recent years. We believe government will find organisations across civil society that are ready and eager to help shape the future of our country – sometimes in opposition, sometimes in agreement, always in pursuit of what they believe a good society looks like, always underpinned by a desire to benefit the public. We hope that the Strategy provides a framework for engagement and dialogue, and for policy development across government. We look forward to engaging in more detail with regard to more specific policies as the framework shapes government’s thinking in future years.
Principles and key recommendations

Strategy principles

At NCVO, we think that the civil society strategy should be based upon the following principles:

1. **Celebrate and reward civic participation** throughout government policy and regulation. Government should always err towards policies that make it easier for people to get involved in their communities, whether that is their interest or where they live. Conversely, it should ask whether policy proposals might inhibit greater participation.

2. **Recognise and uphold the importance of a thriving, independent and diverse civil society.** The strategy should enshrine and promote across all government departments the principle that clubs and societies, charities and social enterprises have a right to campaign, regardless of any relationship they have with the State or business.

3. **Practise informed and meaningful engagement with civil society.** Civil society can help government make a bigger impact by helping to involve people and communities in the design of policies, programmes and services. The strategy should champion across government the benefits of working with civil society to involve people and communities in policy development, and commit to meaningful consultation and feedback.

4. **Create a legal and tax framework that enhances the sustainability of civil society.** The strategy should start from the principle that government can use the legal and tax framework to encourage and support civil society. Giving and philanthropy, volunteering and social action – private action for public benefit – relieves the state and should be encouraged. The strategy should also enshrine the need for proportionate regulation, minimising the burden on small organisations in particular.

5. **Focus the strategy on what government should – and shouldn’t do.** Any strategy that seeks to direct or shape civil society is likely not to work. Equally, any strategy that focuses only on the service delivery role is likely to disappoint. The strategy can achieve its purpose if it stands back and recognises that civil society is a good thing in and of itself. It should focus on what government can do to encourage, support and engage civil society: enable people and communities, and their organisations, to make a bigger difference.
Key recommendations

Our Civil Society

1. **Increase the impact of civil society by building upon five key strengths:** delivering high quality services; finding new solutions to problems and meeting new needs; voice and advocacy, particularly for those furthest from power; giving expression to society’s interests, culture and values; and connecting people together by building communities.

2. **Better involve civil society in the development of policies and programmes:** draw upon the experience and reach of civil society earlier and more widely; protect civil society as a ‘space’ where people discuss how society should progress; and build relationships and networks with civil society organisations, particularly where it can involve communities furthest from the policy development process.

People

3. **Make it easier for people to get involved in their communities:** make volunteering more accessible and more appealing by legislating to provide 3 days’ paid volunteering leave; create an access to volunteering fund for disabled volunteers; and ensure better, more accurate information on volunteering is given from Job Centre Plus staff to unemployed people.

4. **Encourage public sector bodies to promote getting involved:** work with NHS leaders to set targets for the development of volunteering, including the establishment of volunteering champions amongst senior leaders.

Partnership

5. **More use of grant funding:** where appropriate, commissioning and procurement professionals should be encouraged and supported to provide grants for charities.

6. **Give the Social Value Act more traction:** the requirement in the Social Value Act that public bodies ‘consider’ social value in public sector contracts should be upgraded so that they must ‘account for’ social value.

7. **Support local communities for a generation to come by building local grantmaking capacity:** Using capital from dormant assets with an estimated value between £1-2 billion, government could help to create incomegenerating endowment funds, distributed by local grant making bodies, or Community Foundations. These can then be used to fund small and local charities now and in the future.

8. **Put more assets into community ownership:** create more facilities for the public’s long-term benefit by using the money from dormant accounts to buy local community assets such as pubs, green spaces or historic buildings, and put them in the control of local people.

9. **Design a long-term replacement for EU structural programmes that puts communities in control:** as the UK leaves the EU, we should replace EU structural funds with a new Shared Prosperity Fund commissioned around place and needs. These should foster innovation, improve ease of access, and cut across policy silos such as health, wellbeing and employment.

10. **Make it easier for small and medium charities to bid for government contracts:** government should put in place procurement processes that enable small and medium charities to engage and deliver alternative approaches. This includes developing new models of commissioning services and making more use of grants.
11. **Reverse the trend towards fewer, larger contracts when commissioning services:** the continuing use of large scale prime contracts has posed a barrier for many local and specialist voluntary organisations wanting to deliver public services. Reversing the trend will increase the diversity of providers and engage more of the specialist expertise civil society organisations offer.

12. **Improve and extend the training of public sector commissioners:** government should scale up successful training and system leadership programmes (such as the NHS’ Building Health Partnerships programme) to change commissioning culture and practice.

13. **Open up government’s spending data to make public sector markets work better:** it will only be possible to know that civil society organisations are more involved in delivering services, and that public service markets are healthy and diverse, with good quality data on government decisions. Government should support the Crown Commercial Service’s leadership this agenda, promoting good practice around compliance and data quality.
Our civil society

Q1. What are the strengths of civil society today? You might consider its mission and motivation, services for the public, difference to quality of life or economic and/or social impact.

Research on civil society ¹ provides a useful framework that the strategy could adopt in order to systematically build upon the strengths of civil society. The framework highlights 5 strengths:

1. The service delivery role

Organisations across civil society deliver services, including those that are publicly funded, that are valued for their quality, accessibility, value for money and specialist nature. The involvement of service users in the design and delivery of services, whether as volunteers or paid staff, is frequently highlighted as a major reason for why civil society organisations can deliver services that deliver high quality outcomes. 4 specific strengths in the delivery of services are frequently observed:

- **High quality outcomes**: the involvement of service users such as expert patients in the design and delivery of services can support the provision of high quality services based not just on professional expertise but also lived experience. It is frequently argued in the literature that services involving volunteers/service users are more trusted than those solely run by paid professionals – they are ‘of the community’.

  The non-profit distributing model operated by charities and other asset-locked organisations contributes to high quality services by reinvesting surpluses in the service.

  Many case studies illustrate organisations’ service quality and outcomes are improved and increased by ‘wrapping around’ additional services, funded by philanthropic capital, so as to provide more person-centred, holistic services.

  It has also been argued that smaller voluntary organisations in particular, because of their scale and adaptability, are more responsive to service users’ needs, particularly in contrast to statutory services characterised by ‘failure demand’²

- **Greater equity**: Academics have observed that organisations whose primary concern is public benefit have a greater focus on equity – enabling just and fair inclusion for all in society – when delivering publicly funded services. In contrast, it has been argued that the profit motive (and, in public service commissioning, contract design) encourages gaming behaviours such as creaming and parking of clients.

- **Value for money/efficiency**: mechanisms such as SROI have demonstrated that voluntary organisations deliver value for money when delivering publicly funded services. For

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example, Citizens Advice delivers savings of £1.96 to publicly funded bodies for every £1 invested, with further quantifiable benefits to society more broadly. In some cases, value for money arises from co-production and other modes of citizen involvement in service delivery.

- **Specialisation**: voluntary organisations that arise from specific communities of place or of interest are a strength of civil society. They can provide reach into communities that are difficult for the public or private sector to deliver services to (such as refugees or asylum seekers); specialist knowledge of a community’s needs based on user involvement; or detailed knowledge of a service need (for example, breast cancer) based upon specialisation.

2. **The Innovation role**

Civil society provides a welcoming space and a supportive framework for active citizens who wish to change society by creating or applying new ideas. The history of civil society is characterised by the pioneering efforts of campaigners (such as those who campaigned for equal marriage), service innovators (such as the RNID’s modernisation of NHS audiology) and those meeting new or unmet needs (for example, the Terrence Higgins Trust, the first charity to be established in response to the HIV/AIDS epidemic). Civil society has often innovated by meeting new needs or serving new communities, or by finding new or different ways of addressing problems. Social prescribing is a current example.

The innovation role is enhanced by the availability of philanthropic capital (with trusts and foundations often championing new solutions); trust-based social networks; the ability to establish new civil society organisations; and an enabling legal and regulatory environment. The strategy can make a contribution to all of these factors. To quote the Beveridge Report: “The capacity of voluntary action inspired by philanthropy to do new things is beyond question”.

3. **The advocacy role**

Voluntary organisations are rarely established by the State, nor are they beholden to shareholders or exist for private benefit. With no requirement to be involved, ‘people are not participants because they have to be but because of the passion they hold for addressing a cause.’ Driven by a

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4 [https://www.breastcancercare.org.uk/information-support/support-you](https://www.breastcancercare.org.uk/information-support/support-you)

5 [https://www.nesta.org.uk/sites/default/files/everyday_innovation.pdf](https://www.nesta.org.uk/sites/default/files/everyday_innovation.pdf)


7 [www.lsbu.ac.uk/bus-cgcm/conferences/serc/2008/speakers/rnid.ppt](http://www.lsbu.ac.uk/bus-cgcm/conferences/serc/2008/speakers/rnid.ppt)


mix of passion and lived experience, the voice and advocacy role of voluntary organisations is a
defining characteristic, and a strength, of civil society.

“Governments should view civil society not as a threat but as an asset. A genuine democracy is like a
three-legged stool. One leg is responsive, accountable government; the second leg a dynamic, job-
creating private sector; and the third leg is a robust and vibrant civil society.” Hillary Clinton, 2012.11

The advocacy role ranges from challenging governments and powerful corporations, ensuring
citizens furthest from power are heard, moderating the impact of markets. Indeed, giving voice to
those most marginalised in society goes to the heart of why civil society exists: in doing so, it
creates a pathway for individuals to become politically engaged and major contributors to our
democracy.12 Voluntary organisations such as Reclaim13 and Legally Black14 are at the forefront of
campaigning and advocacy in modern UK civil society.

4. The expressive & leadership development role

Discussions of civil society often place emphasis on service delivery or voice and representation. An
often overlooked strength is the role of associational life as a mechanism for individuals or groups
to express their interests, values and identities. Civil society is the place where people come
together to share their values, interests, music and culture, and this is expressed in the hundreds of
thousands of clubs, societies and voluntary organisations that are so central to British life. In turn,
associational life is a mechanism for participation, for many people providing a vehicle not just for
self-fulfilment but also skills and leadership development as they take on roles in their community.

5. The community building role

The role of civil society in fostering trust and reciprocity – the norms that are widely argued to be
central to building not just community but also economic growth – is the final strength. It is widely
argued in the academic literature that the associational life characteristic of civil society creates
habits of social interaction and therefore trust and mutual obligation – and in turn a sense of
community. More recently, it has been argued that this social interaction is increasingly absent
from the public sphere and the private realm; and in the context of the debate on loneliness and
the impact of digital technology on society, it is arguably the case that the community building,
connecting role of civil society will be its greatest strength in the future.15

12 https://thephilanthropist.ca/2016/02/the-moral-imperative-for-policy-advocacy/
13 https://www.reclaim.org.uk
14 https://twitter.com/legallyblackuk?lang=en
15 http://shiftdesign.org.uk/the-you-and-me-principle/
Q2. How can government help to increase the impact of civil society?

The strategy can best help to increase the impact of civil society by creating an environment in which individuals and communities can make a bigger difference to the causes that they believe in. The strategy should take a strengths-based approach. It should enable individual citizens, clubs and societies, charities and social enterprises by helping them to maximise their contribution to the delivery of services, supporting their role in social innovation, recognising their independent voice, celebrating their role in British society, and facilitating their role in building social communities and connecting people.

Building on the strengths of civil society to help make a bigger impact might start from the following principles:

1. **Celebrate and reward civic participation** throughout government policy and regulation. Government should always err towards policies that make it easier for people to get involved in their communities, whether that is their interest or where they live. Conversely, it should ask whether policy proposals might inhibit greater participation.

2. **Recognise and uphold the importance of a thriving, independent and diverse civil society.** The strategy should enshrine and promote across all government departments the principle that clubs and societies, charities and social enterprises have a right to campaign, regardless of any relationship they have with the State or business.

3. **Practise informed and meaningful engagement with civil society.** Civil society can help government make a bigger impact by helping to involve people and communities in the design of policies, programmes and services. The strategy should champion across government the benefits of working with civil society to involve people and communities in policy development, and commit to meaningful consultation and feedback.

4. **Create a legal and tax framework that enhances the sustainability of civil society.** The strategy should start from the principle that government can use the legal and tax framework to encourage and support civil society. Giving and philanthropy, volunteering and social action – private action for public benefit – relieves the state and should be encouraged. The strategy should also enshrine the need for proportionate regulation, minimising the burden on small organisations in particular.

5. **Focus the strategy on what government should – and shouldn’t do.** Any strategy that seeks to direct or shape civil society is likely not to work. Equally, any strategy that focuses only on the service delivery role is likely to disappoint. The strategy can achieve its purpose if it stands back and recognises that civil society is a good thing in and of itself. It should focus on what government can do to encourage, support and engage civil society: enable people and communities, and their organisations, to make a bigger difference.
Q3. How can public trust in civil society be built and maintained?

All institutions currently face the challenge of falling public trust, including charities and voluntary organisations, though it is worth remembering that surveys indicate trust levels are relatively high in charities.\(^{16,17,18}\) There is also some evidence that problems of public trust do not relate to civil society per se, or even the charitable sector at large, but only to large charities.

The blockers and drivers of trust are relatively consistent. Negative media coverage, a lack of transparency and concerns about impact drive distrust in charities. Conversely, surveys indicate that trust is improved by evidence of impact, greater transparency and accountability, and good quality management.

NCVO and its partners have undertaken work to address the issues that can reduce trust, and those that build trust. These include a review of senior salaries and advice and support on setting and communicating remuneration; support for the review of fundraising regulation and subsequent implementation of a new self-regulatory system; advice and support for charities on how to communicate transparently and effectively\(^{19}\); and the creation of a public-facing website that explains how charities work.\(^{20}\) Most recently, we have undertaken work to provide advice and support charities on the issue of safeguarding. In short, our view is that trust is most likely to be maintained through a ‘fix it first’ approach of addressing the issues that the public are concerned about.

The role of the strategy in building trust in civil society is likely to be twofold. First, government should support effective, proportionate and adequately resourced regulation. This should give the public confidence that civil society organisations receive appropriate oversight and that those seeking to abuse charity are limited by legal or regulatory oversight.

Second, in recognising the importance of a thriving, independent and diverse civil society, the strategy should act as a check that government and its agencies should seek to not undermine trust in civil society during periods of disagreement over policy.

\(^{16}\) [https://www.edelman.co.uk/magazine/posts/edelman-trust-barometer-2018/](https://www.edelman.co.uk/magazine/posts/edelman-trust-barometer-2018/)
\(^{17}\) [https://yougov.co.uk/news/2016/03/22/past-few-years-impact-charitable-sector/](https://yougov.co.uk/news/2016/03/22/past-few-years-impact-charitable-sector/)
\(^{20}\) [https://howcharitieswork.com](https://howcharitieswork.com)
Q4. How can civil society be supported to have a stronger role in shaping government policy now and/or in the future?

Organisations across civil society can play an important role in shaping government policy by:

- drawing upon the experience of delivering services, and feeding their learning into the evaluation of policy (and the design of any subsequent policy);
- developing innovative policy solutions or approaches;
- giving voice and acting as advocates for people and communities that might otherwise be distant from the policy development process;
- providing spaces and places for people to come together and discuss how policy proposals might shape their own communities and interests;
- building relationships and trusting networks between government and the communities it serves, providing ‘linking’ social capital between communities and statutory bodies.

The strategy can support civil society to play a stronger role in the development of government policy by building upon these strengths. In practice, this might mean organisations delivering public services feel more confident that they can also advocate on behalf of the communities they serve; that consultation periods are sufficient in order to enable the widest possible range of voices; or that resources are made available to facilitate the involvement of those parts of civil society that are least able to engage with government.

The principles outlined in The Compact between government and the voluntary sector remain appropriate and relevant to the strategy and provide guidance on how to strengthen civil society’s role.

The strategy can especially help civil society to have a stronger role in shaping government policy if it focuses on how government itself values and engages with civil society. In particular:

- **The strategy should recognise and uphold the importance of a thriving, independent and diverse civil society.** The strategy should enshrine the principle that clubs and societies, charities and social enterprises have a right to campaign, regardless of any relationship they have with the State or business.
- **The strategy should embed the practice of informed and meaningful engagement with civil society.** Civil society can help government make a bigger impact by helping to involve people and communities in the design of policies, programmes and services. The strategy should enshrine the benefits of working with civil society to involve people and communities in policy development, and commit to meaningful consultation and feedback.

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21 [https://www.socialcapitalresearch.com/what-is-linking-social-capital/](https://www.socialcapitalresearch.com/what-is-linking-social-capital/)
Q5. We interpret civil society as inclusive of all those outside of the public sector, who share the mission of building a stronger society and improving lives, regardless of traditional sector boundaries such as charity or private and for profit or not. What are the advantages of using this interpretation in developing this Strategy?

The boundaries between the public, private and voluntary sectors are blurring (see diagram). For some, the whole notion of ‘sector’ is no longer relevant. The emergence of missionlocked hybrid organisations such as B Corps exemplifies the blend of for-profit operating models and social purpose.

Similarly, the millennial generation are argued to be ‘sector agnostic’, caring less about which sector they are connected to when working or volunteering, but caring more about impact and making a difference when they are. Those giving money might now behave less like donors and more like investors, loaning money or seeking a blended financial and social return.

The advantages of taking a broader definition of civil society therefore seem obvious. In a world where more people seek to make a social impact in their day to day actions rather than just when giving and volunteering, a broader definition of civil society for the strategy is more likely to support and enable how people increasingly seek to make a difference. In a world where businesses are more concerned about corporate responsibility, where investors seek social returns, the strategy is more likely to support activities that benefit the public. A more explicit recognition of civil society by government may encourage the growth of responsible business.

22 http://www.untag-smd.ac.id/files/Perpustakaan_Digital_2/NON%20PROFIT%20ORGANIZATION%20The%20Third%20Sector%20in%20Europe.pdf
23 https://www.slideshare.net/karlwilding/defining-the-third-sector
24 http://bcorporation.uk
It is however worth noting that seeking to exclude the public sector from any definition appears odd. There is just as much blurring of the boundaries between civil society and the public sector – numerous statutory bodies have charitable status; others have been ‘charitised’ or ‘mutualised’ via the public sector mutual programme. One district council now refers to itself as ‘the Social Enterprise Council’, while the Co-operative Councils Innovation Network is worth noting for its links with civil society.27 Similarly, public bodies everywhere – health, policy, fire and rescue - engage volunteers, who are the core of civil society. The strategy could, therefore, arguably be wider.

Q6. What are the disadvantages of using this interpretation in developing this Strategy?

Government regulatory and tax policy that pertains to civil society organisations is frequently shaped in relation to asset-locked organisations: for example, the tax advantages related to charitable status such as business rates relief can only be claimed by charities, while investors can only claim SITR on eligible investments in organisations with a regulated social purpose.28,29

We perceive that the main disadvantage of moving to a broader definition of civil society lies in creating uncertainty around the future scope and role of tax reliefs. A wider definition may encourage calls for the extension of reliefs.

27 http://www.councils.coop
28 https://www.gov.uk/apply-for-business-rate-relief/charitable-rate-relief
People

Enabling more people to play an active role in society

Q1. Reflecting on your own experience or examples you are aware of in the UK or abroad, how have people successfully taken action to improve things for themselves and their communities? Please tell us why it has worked well.

People taking action successfully, whether through formal volunteering or other routes of participation, is dependent on their experience being a positive and rewarding one.

The focus of the strategy therefore should not be on getting more people involved, but on enhancing and improving the experience of those who do get involved.

In the case of volunteering, high quality volunteer management is crucial to ensure that when people do give their time, they have a good experience. Furthermore, evidence suggests that volunteers feeling appreciated in their role is an important factor in making volunteering impactful. Older volunteers who feel appreciated, for example, report more improvement in quality of life and are less socially isolated those who do not feel appreciated.

A better volunteering experience is also likely to be conducive to longer term volunteering and wider participation, whether in charities or in other parts of civil society and public life.

Q2. Which of the following changes are the most important in enabling more people to take action on issues that matter to them? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Empowering people or giving them permission so that they think that they do have a say and are able to take action

2 Supporting employers and businesses to promote active citizenship, such as volunteering, becoming a school governor or charity trusteeship

3 Give citizens more opportunities to be part of the decision-making processes on local and national issues
Q3. Are there any additional changes that would enable more people to take action on issues that matter to them?

Trust in politicians and institutions is already low\(^30\), and there is a risk of compounding this when people are excluded from having a voice and they don’t have opportunities to influence what’s happening in their community. Whether it’s online activism or becoming a councillor, in order to engender trust in public institutions, cohesion in society and solidarity in communities, it is necessary that we enable everyone to participate.

We should not therefore asking how we ‘give’ people permission, but why people may feel they don’t have permission in the first place. Being able to influence and take action on things that matter to people should be a right, not a privilege endowed upon people from above.

Charities and voluntary organisations are often the vehicle through which individuals are able to make their voice heard and campaign on issues they care about. Unfortunately, over recent years the narrative surrounding charity campaigning has often been a negative one, leading to a widespread view that charity campaigning is misunderstood and more generally that the space for civil society’s voice is being restricted.

The strategy represents an opportunity to reframe the narrative about campaigning and to reset the dialogue across all government departments and civil society. The strategy needs to start from the point that civil society is a good thing \textit{in and of itself}. It should therefore ensure all government departments recognise and value the role of civil society in public debate, in the full knowledge that at times the people and organisations that make up civil society will be in fundamental opposition to what the government of the day is doing.

\textbf{Considering all the changes you discussed in this section, how could these be implemented now and/or in the future? You may want to think about the role of different parties, for example central and local government, charities, businesses, yourself / your organisation and others.}

\textit{Empowering people or giving them permission so that they think that they do have a say and are able to take action}

While we should celebrate the incredible contribution millions of volunteers continue to make every day, we should also recognise that overall volunteering figures have been notoriously difficult to grow for many years. Related to this, is the lack of diversity amongst volunteers\(^31\).

So the focus on creating \textit{more} opportunities for individuals to get involved is not the right lens through which to view the problem. Instead, the strategy’s focus should be on making it easier, more accessible and more appealing to volunteer using existing opportunities.

\(^{30}\text{https://www.ipsos.com/ipsos-mori/en-uk/politicians-remain-least-trusted-profession-britain}\)

\(^{31}\text{https://blogs.ncvo.org.uk/2017/12/06/getting-involved-diversity-among-volunteers/}\)
For example, instead of creating even more volunteering programmes, consideration needs to be given to why people are not volunteering in existing roles. By far the most commonly cited reason for not getting involved or ending involvement is a lack of time. The pressure of work commitments is also the most common reason lapsed volunteers give for not getting involved again\(^{32}\).

It’s the responsibility of charities to consider this when creating volunteer roles, for example by making these roles more flexible and creating opportunities that fit around people’s busy lives. Many are tapping into the growth of ‘micro-volunteering’ - providing bite-size, minimal commitment opportunities which can often be performed from home, such as the Age UK telephone befriending service\(^ {33}\).

Government and business also have a role to play in working with volunteer organisations and trade unions to make it easier for employed people to volunteer. Much evidence highlights the ‘triple benefits’ – to the individual, to the business, and to society—when employers allow their staff time-off work to volunteer. The strategy could play a role in creating and enabling a dialogue between business and civil society about the mutual benefits of volunteering and social action.

Time pressure is only one barrier to volunteering, and one that may not fully explain why we continue to have a diversity issue in volunteering. For example, it cannot account for why 36% of people from the least deprived areas of England volunteer formally, compared with only 15% from the most deprived. Those who are educated to degree level are almost three times more likely to volunteer than those with no formal qualifications\(^ {34}\).

Like many other activities, an individual’s ability to access volunteering opportunities appears to be heavily influenced by factors largely determined by his or her socio-economic position\(^ {35}\).

There is already significant evidence to demonstrate the important role that volunteering can play in the pathway to employability\(^ {36}\) and it can play an especially significant role for those defined as ‘disadvantaged in the labour market’\(^ {37}\).

Charities therefore have a responsibility to recognise and expand existing entry points into volunteering for members of underrepresented communities and adapt their recruitment practices to ensure they are reaching a wider range of people with their opportunities.

The problem that the strategy can help address is the fact that many people receiving benefits are told they cannot volunteer. Even though the rules are clear that people receiving benefits are still


allowed to volunteer in almost all cases\(^{38}\). Often the misinformation comes directly from Job Centre Plus staff, who wrongly interpret the rules.

A role for the strategy would be to ensure consistency of information and messaging across all department and agencies, so individuals are clear about the opportunities that are available to them.

As outlined in the recent Holliday Report\(^{39}\), the Department for Work and Pensions (DWP) should provide consistent guidance to all JCP staff to enable them to advise people claiming benefits on their rights to volunteer. Job Centre Plus staff must encourage and support people to volunteer, as they are entitled to do.

Another group that faces barriers to volunteering is that of disabled people. Although disabled people are only slightly less likely to volunteer than non-disabled people\(^{40}\), when they do, they are much more likely to have a negative experience\(^{41}\).

Research into disabled people volunteering in sport has shown that they much more likely to recognise and experience barriers to volunteering. Often, organisations will not give sufficient thought to the distinctive needs of volunteers as opposed to participants\(^{42}\).

The barriers disabled people may face can be physical, attitudinal, or stem from a lack of information and communication. They can also intersect with other socio-economic barriers.

Again, responsibility for addressing this problem lies with both government and civil society. Charities need to understand the social model of disability and do more to adapt their practices to remove barriers preventing participation.

The strategy could have a role in ensuring that departments across government consider how to break down existing barriers and avoid creating additional ones. For example, making travel and access to buildings easier to people with a disability who want to volunteer by ensuring buy in from the Department for Transport, MHCLG, and the Office for Disability Issues so that disabled people can realise their aspirations and fulfil their potential.

Local and central government also have a responsibility here to develop social action strategies, to create an environment where social action and volunteering can thrive and where businesses and communities better understand the role of volunteers in community life.


Supporting employers and businesses to promote active citizenship, such as volunteering, becoming a school governor or charity trusteeship

A lack of time and the demands of paid employment are the biggest barriers to volunteering and social action\(^\text{43}\). Therefore, employers and business have an important role to play in getting more people involved. They have a role to provide greater flexibility and support to their employees to better fit volunteering and social action into their working lives.

This was recognised by the 2015 Conservative Manifesto, which pledged three days’ paid volunteering leave for up to 15 million workers\(^\text{44}\). Since then there have been a number of calls for similar measures, including the House of Lords Select Committee on Charities recommendation that time-off work should be allowed for trusteeships\(^\text{45}\).

Given such high-level support for giving employees limited time off work to volunteer, the strategy has a role in taking forward this goal.

The strategy can encourage government to do more to show employers that they have a huge amount to gain in supporting their employees to volunteer.

Volunteering offers people an opportunity to gain invaluable knowledge and experience, and providing them with skills that can be brought into their paid roles. Trusteeship for example can be a highly effective way to develop a private sector workers’ problem-solving, leadership and strategic decision-making skills. This can be especially effective if opportunities to develop such skills in an existing role are limited. Charities have in the past reported a shortage of trustees\(^\text{46}\) and they welcome expert insight from the private sector.

Recognising this mutual benefit is important and if harnessed, could be key to successful partnerships between the private and voluntary sector. Step on Board\(^\text{47}\), a programme run by NCVO and Trustees Unlimited for example, innovatively connects business leaders with trustee positions in charities, providing a comprehensive and tailored programme that provides employees with training, skills-matching and coaching.

Beyond simply allowing time off to volunteer, businesses can also create more formal partnerships with charities to run volunteering schemes. Employer supported volunteering (ESV) can provide opportunities for personal and professional development while making a difference to charities, society, and in particular, the businesses themselves. Joint research from CIPD and the Institute for Voluntary Research (IVR)\(^\text{48}\) outlines some of the positives for businesses and calls for greater collaboration between charities and businesses to unleash potential for greater ESV.


\(^{45}\) [https://publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/133.pdf](https://publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/133.pdf)


\(^{47}\) [https://www.ncvo.org.uk/practical-support/information/governance/step-on-board](https://www.ncvo.org.uk/practical-support/information/governance/step-on-board)

This can be done in many ways, from one-off team-day volunteering, to more long-term projects. For example, according to Citizens in Policing, 122 businesses have supported their employees to become Special Constables or Police Support Volunteers through Employer Supported Policing (ESP) programmes\(^49\). Businesses benefit through their employees taking demanding roles, improving decision making skills and resilience. Some police forces, such as Hertfordshire, consider ESP to have such potential, they have embedded it into their strategic planning\(^50\).

The strategy should ensure relevant government departments implement the recommendation made by the House of Lords Committee on Citizenship and Civic Engagement that employers should be encouraged to develop a comprehensive public duties and community roles policy, developed through work with umbrella bodies and trade unions. Employers can use and develop good practice that has already been highlighted by the Chartered Institute of Personnel and Development (CIPD), the Union of Shop, Distributive and Allied Workers (USDAW) and others in allowing employees time to engage with their communities\(^51\).

**Give citizens more opportunities to be part of the decision-making processes on local and national issues**

Through charities, volunteers are already engaged extensively in decision-making at a local level, particularly in helping shape their local public services.

Whether they have experience as service-users, or have a particular connection to or passion for the cause, volunteers can bring a distinct legitimacy and unique knowledge and insight to services. Through this, they can help shape services to better meet the needs of service users, and through their connection to the community, they can build trust between people and institutions, at a time when such trust is lacking.

There should therefore be more involvement of communities and volunteers in decision making—especially at the local level. The strategy can help achieve this by:

- Ensuring local government follows Locality and NAVCA’s Five Key Principles for Devolution\(^52\) so devolution remains meaningful in reflecting the needs and aspirations of local communities.
- Encouraging the NHS to set targets for the development of volunteering, to increase volunteer numbers, involve volunteers in a wider range of roles, and improve the experience and impact of volunteers\(^53\).
- Encouraging senior public service leaders to become volunteering champions.

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\(^{49}\) [https://www.citizensinpolicing.net/employers-scheme/](https://www.citizensinpolicing.net/employers-scheme/)


\(^{51}\) [https://publications.parliament.uk/pa/ld201719/ldselect/ldcitizen/118/11808.htm#_idTextAnchor098](https://publications.parliament.uk/pa/ld201719/ldselect/ldcitizen/118/11808.htm#_idTextAnchor098)


Q4. Youth social action* including activities such as campaigning, fundraising and volunteering creates a double benefit both to young people and their communities. Which of the following things are the most important in further growing involvement in youth social action? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Enabling more disadvantaged and disengaged young people to participate

2 Supporting young people to develop the skills and confidence they need to lead action on issues that matter to them

3 Further integrating youth social action with other personal and social development activities

Q5. Are there any additional things that are important to further grow involvement in youth social action?

Volunteering and social action can have specific benefits to young people. We know that it can be hugely important for a young person’s development, that employers and universities value social action and that it can be harnessed as a way to improve social mobility. For example, research has also shown that alongside developing ‘hard’ skills, volunteering improves ‘soft’ skills, such as teamwork and communication, that are so valued by employers54.

Despite this, data shows that disadvantaged young people are underrepresented in social action figures55. This can be for many reasons, but the design of a volunteering programme can be crucial. A study of a UK youth volunteering programme, for example, suggests that the way in which the selection criteria was designed favoured young people with higher levels of social capital. Similar conclusions can be found in another study on the role of parent volunteers at UK rugby clubs56. Again, the recruitment processes were found to be ‘exclusive’, while the programmes reinforced ‘exclusive ties and identities’

Young people from disadvantaged backgrounds risk missing out on all the opportunities that volunteering presents- including the experience and confidence that comes with building relationships and networks. Volunteering can be such a powerful intervention that when opportunities are not open to all, there is a real risk of compounding people’s disadvantage against their better-off peers. Too often, the young people who could most benefit miss out.

To address this, many of the measures we suggest above for breaking down barriers to volunteering will help. For example, ensuring better information is given from JCP staff to unemployed young people; and the creation of an access support fund for disabled volunteers.

Providing high-quality opportunities is also crucial for young people, as a good experience early in life can set them on a pathway of participation throughout their adult life. Emerging from a government independent review, NCVO, along with the Young Foundation, produced a quality framework for youth social action that sets out the key component of a quality youth volunteering opportunity\textsuperscript{57}. The strategy could have a role in further promoting these principles across relevant government departments.

Considering all of the things you have discussed in this section, how could these be implemented now and/or in the future? You may want to think about the role of different parties, for example central and local government, charities, businesses, education, funders, yourself / your organisation and others.

NCVO do not deliver, nor have a specific focus on youth volunteering and there are many organisations that are better placed than us to lead on growing youth social action.

As discussed elsewhere in this submission, we would welcome a focus on growing high-quality volunteering opportunities that are genuinely accessible to all. The questions of who volunteers and the experience they have when volunteering is essential.

Partnership

Civil Society Strategy – The funding and financing environment

Q1. Reflecting on your own experience, or examples you are aware of in the UK or abroad, what does an effective pool of funding and financing as well as income opportunities for the voluntary and community sector look like?

The most effective pool of funding and financing is one that offers a mix of options, made up of grants, contracts, and other funding models. This would ensure equality of opportunity between civil society organisations of equal size. Good ideas should be able to attract funding on an equal basis, whatever the size of the charity which comes up with it.

An effective environment would also be one where new funding opportunities are developed in consultation with the sector. Civil society organisations are best placed to know what type of funding and support would be most beneficial and able to deliver greatest public benefit.

Greater stability of income and long term sustainability are essential for an effective funding environment. In order to be able to plan ahead, certainty about future income and revenue streams is hugely important. Financial uncertainty makes it harder to innovate or take risks. Clearly no funding decision lasts forever, but funding decisions need to be made strategically and for the long term.

Flexibility to use funds to best effect, so far as this is possible, would also be a part of an ideal funding environment. Civil society organisations are often rooted in communities and have a close relationship with their users, so they are best placed to identify how their programmes can maximise impact.

Q2. Where is there the potential for changes to the funding and financing environment to better support the work of the voluntary and community sector, for example increasing the use of new models of funding, use of technology and/or changes to current funding practice?

More equal opportunity between charities of different sizes would make a major difference to the capacity of charities to deliver the most impact. NCVO Almanac data shows that, although the voluntary sector’s income reached £48 billion for the year 2015/16, this is not spread proportionately across organisations. 81% of the sector’s income in held by just 3% of charities.58

58 https://data.ncvo.org.uk For data on wider civil society, see https://data.ncvo.org.uk/a/almanac18/civil-society-data/
There has also been significant variance in the way that different parts of government and local authorities have implemented their cuts, meaning that cuts have been felt unevenly across the sector. For example, equalities charities and infrastructure have been considerably impacted.

More consultation with the voluntary sector about how government makes use of available funds would also make a significant difference. In the past, such funds have not always been distributed with the sector’s views in mind, and have often been short-term rather than strategic. The sector would, for instance, have welcomed the opportunity to work with the Treasury to identify how Libor funds might be used to encourage donors to match these funds and increase the amounts distributed to good causes. Similarly, organisations supporting the delivery of NCS have not always been adequately resourced, while closer working with small and local charities, and indeed partnerships more generally, would assist in its functioning.

More stability in funding, longer timescales and more advance notice of funding decisions from commissioners would be hugely beneficial for voluntary sector providers. Voluntary sector providers have reported instances when they have found out whether a contract is being renewed or not very near to the end of the financial year, often resulting in a loss of staff as they are put on notice in case the funding is terminated (see also our comments on joint working in the ‘place’ section).

A shift towards greater use of grants would have a major impact on the sector. In particular, it’s clear that smaller organisations find it harder to engage with contracts due to the complicated process, as well as often the size of the contract. Value for money is of course a vital issue for any aspect of public spending, but the National Audit Office itself has emphasised that grants should be used where the provide the best value for money. The NHS bite size guide to grants says:

_in particular, mechanisms used in public procurement such as payment by results inhibit rather than encourage innovation, reducing tolerance for experimentation and the failure that is a necessary component of innovation. Similarly, the challenge of generating surpluses on public sector contracts to generate risk capital has been attributed as an issue. While it could be argued that trusts and foundations provide the appropriate risk capital for the initial stages of innovation, this ‘pump priming’ model relies on statutory funders acting as stage 2 funders who would test more broadly whether innovations have wider application._

We agree. It is also worth noting that in an increasing number of cases, charities themselves are contributing financially towards services. In such cases, it makes particularly good and logical sense for charities to be more involved in the design and for grants to be used more.
Q3. Which of the following factors are the most important in strengthening the funding and financing environment in the future? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Improved funding practices by funders

2 Stronger collaboration between funders

3 Making it easier to bring together civil society with potential funders

Q4. Are there any additional changes that would improve the funding and financing environment for the voluntary and community sector?

More skills training for those who commission and fund voluntary providers would also assist. One example of good practices is the VCSE Health and Wellbeing Alliance’ project, delivered with The King’s Fund, to increase voluntary sector involvement in sustainability and transformation partnerships and/or accountable care systems by promoting mutual understanding of the roles of commissioners, public sector providers and voluntary organisations as actors in delivery of health and wellbeing services.

Q5. Considering all the changes you discussed in this section, how could these changes be implemented now and/or in the future? You may want to think about the role of different parties, for example central and local government, independent funders, charities, businesses, yourself / your organisation and others.

Where appropriate, commissioning and procurement professionals should be encouraged and supported to provide grants for charities. Funders such as Lloyds Bank Foundation argue that competitive grant-making provides excellent value for money. NHS England guidelines on the use of grants have demonstrated that they are an important tool for commissioners. Where contracts continue to be awarded, more commissioners should consider splitting them into smaller lots to make them more accessible to small and medium charities, as the National Audit Office has recommended.

Social Value

The requirement in the Social Value Act that public bodies ‘consider’ social value in public sector contracts should be upgraded so that they must ‘account for’ social value. By having to evidence the social value they have generated, commissioners are more likely to incorporate additional social, environmental and economic objectives into their procurement activities. We also recommend that Cabinet Office track the implementation of the Act through yearly progress reports and develop performance indicators so that success can be measured.
Dormant assets

The right support could create a legacy for small and local charities for a generation to come. NCVO argues that this could be done by investing the assets identified by the Dormant Assets Commission in two ways.

First, we could build on the success story of local community foundations by creating income-generating endowment funds. These can be used to fund small and local charities now and into the future. Find out how this would work and why it is worth doing.

Second, more assets could be placed in community ownership. We can create more facilities for the public’s long-term benefit by using the money from dormant accounts to buy local community assets, such as pubs, green spaces or historic buildings, and put them in the control of local people.

Shared Prosperity Fund

The UK’s exit from the European Union is also an opportunity to improve the funding of civil society organisations, especially those that support and help develop the skills of people out of employment and disadvantaged. A future fund would be designed in line with the following principles:

- It delivers interventions that reflect the link between health, wellbeing and employment services, as well as other interlinking barriers
- It is developed and delivered through multi-agency and multisectoral community partnerships which should be commissioned around place and needs
- It fosters innovation, bringing in new actors and finding new approaches to tackle entrenched problems
- It includes a mix of long term funding and short-term trials, for stability and flexibility
- It involves a better and quicker process to identify need and allocate funds, providing an earlier return on investment and impact on communities
- It ensures ease of access for providers of all sizes and sectors.

More work could also be done to support local philanthropy by match-funding donations from businesses and individuals, building on the success of the ‘Endowment Match Challenge’. We would also like to see the Small donations Scheme made more accessible to small charities: this could be done by opening it up to all charities which are registered for Gift Aid, and abolishing the matching requirement.

Within charities, the innovation process and culture could also be improved. NESTA notes that ‘eureka’ moments are rare and that well-designed processes and a culture that embraces risk are conducive to greater capacity for innovation. Support to build this capacity is available and could be delivered more widely, although this in itself requires funding. Challenge funds, such as the Cabinet Office Innovation in Giving programme, run by NESTA, also offer a successful model for encouraging innovation.
New investment models

Over recent years, a range of new and innovative models have developed to fund investment into addressing social challenges. These have included the rise of venture philanthropy*, social investment, and the development of social enterprises* and mission-led businesses that are able to fund their activities through revenue generation. Increasingly, there has been growing interest in social impact in the mainstream financial services industry.

Q6. Reflecting on your own experience or examples you are aware of in the UK or abroad, how are new investment models unlocking new potential and partnerships?

Social investment is an important financial tool that can help voluntary organisations improve their sustainability and impact, where repayable finance is an appropriate option for them. NCVO works closely with key social investment stakeholders such as Big Society Capital and the Access Foundation, and supports various social investment initiatives such as the GET Informed campaign and the development of the GoodFinance website.

We support continuing work across the sector and government to improve the social investment market, but it should not be prioritised by government to the exclusion of other programmes addressing the challenges facing the voluntary sector. Social impact bonds are an intriguing development in the commissioning sphere, but the evidence base is currently not sufficiently developed to establish whether they are better than traditional funding models. The key question regarding more widespread use of the model is not whether they are capable of achieving impact, but whether they do so better than other models in terms of cost-effectiveness and achieving impact.

Research being undertaken by the University of Oxford, looking at evidence from existing SIB evaluations indicates that many of the proposed benefits ascribed to the SIB model have yet to be realised in practice. To take one example, the evaluation report for the Peterborough SIB found that while the programme had successfully reduced reoffending, there was “no compelling reason to believe that SIB funding on its own fosters innovation”. Some of these issues may be explained by the fact that as SIBs are a form of payment by results commissioning, and as such they inherit many of the qualities of their parent model. Consequently, they also experience many of the same design and implementation challenges, as set out in a recent NAO report.

Q7. Where is there the greatest potential for the future development of investment models for civil society?

NCVO remains open-minded about the potential for SIBs to be an effective funding model, and has repeatedly called for more research into their efficacy, using counterfactuals built into their design and evaluation. The recently established Government Outcomes Lab will be exploring many of the challenges and barriers facing SIBs and we look forward to supporting their work where possible. However, in light of the many other challenges facing the voluntary sector, we have expressed
concern that the government has focused such a considerable proportion of the Office for Civil Society’s resources on what is a relatively untested and unproven model via the Life Chances Fund.

Q8. Which of the following factors are the most important in enabling the growth of new investment models in the future? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Identifying suitable opportunities for social impact investment

2 The scaling of social impact bonds

3 Understanding of how to make / receive a social impact investment

Q9. Are there any additional factors that could enable new investment models to grow in the future?

Smaller organisations experience difficulty in accessing social investment due to the high cost of borrowing smaller amounts, an issue which key stakeholders are keenly aware of and are working to address, using blended finance models. Repayable finance evidently requires income to repay, and the challenges facing charities with respect to public sector commissioning trends may be acting to reduce demand as organisations are unable to access the funding streams that could enable borrowing to scale up or improve their sustainability.

Q10. Considering all the factors you discussed in this section, how could these factors be addressed now and in the future? You may want to think about the role of different parties, for example central and local government, charities, businesses, yourself / your organisation and others.

Government should ensure that an appropriate range of funding models are available to the sector, recalibrating its focus from social investment. While we recognise that they have some benefits, more needs to be done to establish how effective models like SIBs are by comparison with other, traditional models.

The role of capital, both for early-stage innovation and scaling, and public procurement processes should be further explored. This should provide commissioners with a willingness to experiment and open up space for innovative approaches; to recognise that grantmaking is an important and appropriate mechanism for the transfer of resources where innovation is desirable; and to put in place procurement processes that enable small and medium charities to engage and deliver alternative approaches.
Place

Devolution/localism

Q1. Reflecting on your own experience or examples in the UK or abroad, how have local people, businesses, voluntary and community organisations, and decision makers worked together successfully to break down barriers in our communities and build a common sense of shared identity, belonging and purpose?

There are currently a number of initiatives and ways of working that demonstrate how – by involving local individuals and users – communities develop a stronger shared identity and sense of belonging.

The way public bodies and local communities work together has begun to change in some areas. The relationship between commissioners and providers has until recently typically been transactional in nature, but we are now seeing the emergence of new system leadership and co-produced approaches – particularly at the local level – where local authorities, health bodies, the voluntary sector and service users come together to develop new ways of designing services and outcomes. Examples include the Building Health Partnerships programme, working with newly formed Sustainability and Transformation Partnerships, a similar smaller programme delivered through the Health and Wellbeing Alliance, the Commissioning Academy, as well as local programmes such as Connect Well Bromley and the Somerset VCSE Strategic Forum. Where such approaches occur locally they are often the product of local initiative or leadership rather than any systemic factor.

Community Foundations often play important roles in supporting communities by encouraging local philanthropy, and using the funds raised to make grants to local charities, based upon their expertise of what is needed and what works. They currently work with collective endowments worth £500m.

Community ownership can bring people from different backgrounds together and foster a sense of belonging. It can play a role in enhancing the local environment, alleviating poverty and raising people’s aspirations. Fundamentally, it’s about giving local people a bigger stake in the future of their area. Recent legislative changes to make the process of community asset purchase easier have been welcome, but in the current environment, financial support is also necessary to make community ownership of assets a widespread reality.

User led organisations and approaches are both invaluable to breaking down barriers that prevent greater inclusion, enabling more people to be active in society, and designing services to better meet the needs of individuals and communities.

59 https://www.ivar.org.uk/our-research/building-health-partnerships-2/
60 https://www.ncvo.org.uk/vcse-health-transformation
61 https://www.gov.uk/guidance/the-commissioning-academy-information
Organisations that are led by people who represent their service user or beneficiary group, are often uniquely placed to address the barriers that prevent their users or beneficiaries from participating in society. A deeply held understanding of the lived experience of these barriers sits at the core of these user led organisations (ULOs). Empowerment, participation, as well as a strengths and rights based approach are also core to the way these organisations work.

Disabled People’s Organisations (DPO) are a prime example of user-led organisations. Generally, they will have a majority of disabled staff, trustees and volunteers. Traditionally disabled person led organisations have been very local, and have excelled at providing support, advocacy and representation for disabled people. For example, Breakthrough UK based in Greater Manchester, use their first-hand experience of disability to run a hate crime reporting centre and support the management of personal budgets. Breakthrough UK also run the Disability Design Reference Group to ensure disabled people can feed into the design of services by Transport for Greater Manchester. They provide employment support for disabled people which focused on personal goals and peer support, and they offer training and consultancy to help employers become more inclusive of disabled people. Their work is so impactful because it is based on a unique understanding of how disabled people experience their impairment and experience disabling barriers created by society.

In Hammersmith and Fulham, the council set up a number of resident-led commissions to better understand the needs of residents. They worked with a DPO called Inclusion London to run a Disabled People’s Commission. All appointed commissioners, self-identified as disabled people and reflected a wide age range of local residents. The commission took a social model of disability approach to its work with a commitment to inclusivity and accessibility. The commission was guided in its work by the UN Convention on the Rights of Persons with Disabilities (UNCRPD), which includes a right to participation. The commission found that "Nothing About Us Without Us" is what local disabled people want. The commission has made eight recommendations that will lead to Hammersmith & Fulham becoming the most accessible and inclusive borough in London.

ULOs have also pioneered user-centred approaches, which in recent years have influenced the practices of non-user led organisations and services. Hackney CVS have recognised the power of user-led approaches. They support local disabled people and their carers to design training courses which they deliver to both Health and Social Care professionals and Hackney Council staff. The training sessions give participants a greater understanding of disabled people’s experiences, expectations and needs. The NHS and social care side of the project has been supported through workforce development funding from the City & Hackney Community Education Provider Network and Health Education North Central and East London.
Q2. What are the most important changes that need to be made to enable more people to work together locally to break down barriers and build a common sense of shared identity, belonging and purpose in general? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Institutions and organisations delivering public services involving communities in decision-making
2 Institutions devolving more power to their local communities
3 Communities having more or better support on how to mobilise themselves and take action

Q3. Are there any additional changes that would enable more people working together to break down barriers in our communities and build a common sense of shared identity, belonging and purpose?

Further opportunities would be created by enabling communities to take over assets of community value, through financial and not purely legislative support.

Q4. Considering all the changes you discussed in this section, how could these changes be addressed now and/or in the future? You may want to think about the role of different parties, for example central and local government, charities, businesses, yourself / your organisation and others.

We propose that the funds from dormant assets should be used to support communities by putting more assets in community ownership and creating long term endowments for Community Foundations.

The recent Commission on Dormant Assets recently concluded that there is approximately £1-2bn of financial assets that could eventually be transferred for the use of good causes.

Investing half of the maximum total from dormant accounts - £1bn - could generate £40m per year in local grantmaking in perpetuity, and more if match funding was sought from philanthropists. Widening the network of endowed Community Foundations, and increasing the level of capital they hold, will generate investment returns from which small and local charities can be grant funded. At a time when local authority grants to charities are in decline, this is an opportunity to address the sustainability of small charities in particular and the communities that they work with, at little cost to the exchequer.

62 Assuming a 4% rate of return.
For many organisations, owning an asset is a significant step in becoming financially viable and independent, in turn strengthening the communities around them. Other allocations of dormant assets funding could be used to establish a capital fund that would seed community ownership and attract additional loan finance for organisations. In their paper *Places & Spaces – The future of community asset ownership*, Locality propose investing £500m from dormant assets and using this to attract a further £500m match funding from funders such as the Big Lottery Fund. This £1bn programme would support the process of community asset transfer, building on the community right to bid established in the Localism Act of 2011. The right to bid is not a right to buy - capital is still needed - so the fund would address this gap.

**Public services**

**Q5. Reflecting on your own experience or examples you are aware of in the UK or abroad, how have local public services successfully responded to the needs of communities?**

The needs of communities are best met by public services that have been designed using a person-centred approach, and delivered locally.

Voluntary organisations therefore have a key role to play: often they are themselves a core element of local communities, and have a long history of supporting them. The voluntary sector is deeply involved in the delivery of public services across a wide range of sectors, including health and social care, justice and rehabilitation, and employment and skills to name a few.

Charities involved in public service delivery are often able to bring a more responsive approach to community needs. Traditionally the public sector has not always been good at offering variety or flexibility for different communities, preventative community support in fields such as health, education and criminal justice or tailoring support that puts people at the centre and gives them the power to make choices about their own support. Voluntary organisations excel in these areas, and are often able to reach groups furthest from state support through their networks and the trust they are able to build with particularly marginalised groups. Charities are also often able to wrap other services around service users, that they fund themselves and which complement government-funded interventions, and can engage volunteers in delivering services to help improve outcomes, service user experience, and programme design. The role played by volunteers can make a real difference to how services are delivered, and how service users respond. Charities are often best-placed to incorporate volunteers into public services more effectively, and smaller charities often have strong links with the local community.

NCVO has long argued that public services could be improved with more collaborative and joint commissioning between public bodies, providers and service users, and by enabling a diversity of providers to deliver public services. Approaches for achieving this include: coproduction of services and of the outcomes, involving both providers and service users; use of social value approaches in commissioning, and addressing problematic commissioning practices.
Enabling a diversity of providers

Most charities are comparatively small organisations; 96% have an income of under £1m. Yet the voluntary sector’s delivery of public services is increasingly concentrated in larger providers. In 2014/15, major organisations (with incomes of between £10m and £100m) received the largest proportion of Government funding (42%) and small organisations (with incomes of less than £100,000) received the lowest proportion (16%). Recent modest increases in charity income from government sources have all been concentrated in charities with more than £1m of income, masking successive decreases in the income received by small and medium-sized charities; the total level of voluntary sector income from government has fallen 2% in real terms since 2007/08, but the amount received by charities with an income under £10m has fallen 22% over the same period (to 2014/15).

Supporting a diverse market of providers is essential to ensure smaller organisations are able to contribute to the delivery of local public services, and to achieve value for money in government procurement. As described above in relation to devolution, new models of commissioning services in partnership with communities and civil society are emerging that enable a broad range of providers of all sizes to participate in service delivery, although typically this is the result of local leadership and initiative rather than systemic transformation.

While many commissioners express a desire to avoid creating oligopolies of large providers, spending reductions are driving them to commission at scale, putting system efficiency before frontline quality. Within this context, there are practices that act as either enablers or significant barriers that affect quality and efficacy of relationships between commissioning authorities and voluntary sector providers. In listing these, we emphasise that approaches across different departments and levels of government vary considerably.

Addressing problematic commissioning practices

Aggregated, large scale prime contracting

Government commissioning continues to be primarily driven by price exclusively, rather than by equivalent consideration of the quality or longer term sustainability of the public service in question. This approach is characterised by the aggregation of contracts into larger tenders and reliance on prime/subcontractor models, with consequences for the types of providers able to participate in public service markets. The reduction of capacity among commissioners has been a driver of commissioning practices that disadvantage smaller providers. Aggregating contracts has allowed commissioners to reduce their contract and supply chain management burdens by reducing the number of contracts to manage and shifting some aspects of management and risk onto prime providers – but at the risk of damaging market diversity.

The continuing use of large scale prime contracts has posed a barrier for many local and specialist voluntary organisations wanting to deliver public services. A majority of charities are unable to access these larger scale contracts, and many have found the subcontracting experience problematic. Smaller VSOs are often included by larger prime contractors into bids to make them seem more appealing (known as ‘bid candy’). Subsequently, these prime contractors do not refer
them the work they were promised. This creates a huge amount of risk and uncertainty for small providers. For example, at the start of the Work Programme DWP’s stocktake of supply chains registered 108 charities operating as tier 1 providers, and 315 as tier 2 providers. Despite accounting for around 50% of the total number of providers, DWP research estimated that in the first year, only 20% of referrals had gone to voluntary sector organisations. A National Audit Office (NAO) report on the Work Programme concluded that as a response to lower than expected profits, prime contractors were taking cost-cutting measures, and that actual spending on subcontracting was 24% lower than prime contractors had indicated in their original bids. Similarly, during Transforming Rehabilitation, the actual weighted volumes of activity undertaken by CRCs was found by the NAO to range from 8% to 34% less than originally anticipated in 2015-16. This pattern has continued in the first quarter of 2017-18, with volumes of activity from 16% to 48% less than originally anticipated. The Ministry believes that this is explained by differences in the types of criminal cases heard by the courts and changes in the requirements attached to offenders’ sentences. This has meant that CRCs have received substantially less than planned for. Recent research has suggested that up to two-thirds of charities who have contracts with the public sector need to use their own funds to deliver their contracts.

Despite many of these issues being identified in government consultations, a recent Locality survey found that: 80% of voluntary sector respondents reported that larger contracts had reduced or were set to reduce their opportunities to provide services; 81 per cent said that larger contracts had diminished or were set to diminish both the range and quality of local services; 85 per cent believed that larger contracts would not increase efficiency; and 26 per cent of respondents estimated that administration and compliance costs on contracts accounted for more than 20 per cent of the contract value. The main barriers to winning public-sector contracts were reported in order of importance, as being the size of contracts (53 per cent), bureaucracy and administration (44 per cent), and excessive risk in contract terms (36 per cent).

Use of payment-by-results models

The National Audit Office’s findings on outcome-based schemes, particularly for SMEs, reflect many of the challenges faced by our members including lacking capital and reserves to bid for

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65 Ibid, p. 38
payment-by-results (PbR) contracts and maintain cash flow\textsuperscript{71}, and poorly designed outcomes that fail to take into account the complexity of factors involved.

While NCVO supports the principle that impact should be rewarded, we strongly believe that payment-by-results should only be used when appropriate for the service and provider in question, as described in the NAO framework.

A hybrid model, whereby providers are paid a certain percentage of their fee upfront (rather than just a small attachment fee) with the remaining payment being linked to pre-agreed results, would reduce the risk involved with entering a payment-by-results model. This model has been used in DWP’s Work Choice programme. By guaranteeing a proportion of income upfront, commissioners would support providers to invest the necessary money into services.

For smaller organisations, even a hybrid payment by results is unlikely to enable their fullest contribution. Regular contracts or grant funding should be considered, to take advantage of the specialist services these organisations can offer.

\textit{Dominance of contracts}

The use of grants instead of contracts has fallen considerably over the last fifteen years, and stabilised at around 20\% of charity income from government. Competitive grant making can offer better value for money for commissioners due to lower design and monitoring costs, and enable them to engage with smaller providers due to lower transaction costs and more proportionate qualification requirements. The wider use of grants is supported in appropriate circumstances by both the NAO\textsuperscript{72} and the NHS\textsuperscript{73}.

\textit{Lack of pre-procurement dialogue}

Before commencing any procurement activity, public authorities should be engaging with their supplier market to assess the population’s needs, consider service design, and understand and develop the supplier base. For example, many of the poor performance issues in the Work Programme stemmed from the speed with which it was designed and introduced; an NAO report on the introduction of the scheme contrasted the 12 months DWP took to introduce it with the four years taken with previous programmes.\textsuperscript{74} Voluntary organisations are often well placed to contribute at the pre-procurement stage, advocating on behalf of service users and advising on how to improve services.

Commissioners often hold misconceptions about the probity of speaking with providers at the pre-procurement stage. This continues despite ‘mythbusting’ guidance from the Cabinet Office, and can often be the result of overcautious approaches by finance and legal teams, not only those

\textsuperscript{71} Ibid
\textsuperscript{72} \url{https://www.nao.org.uk/report/competitive-and-demand-led-grants-good-practice-guide/}
\textsuperscript{73} NHS Bitesize Guide to Grantmaking
\textsuperscript{74} The Introduction of the Work Programme, National Audit Office, January 2012 \url{www.nao.org.uk/wp-content/uploads/2012/01/10121701es.pdf} p. 5
commissioning services. As a result, contracting approaches and requirements may be selected that are not appropriate for the provider market. An excessively strict interpretation of procurement law can lead to risk aversion – particularly around supplier dialogue and engagement - that limits the opportunities for innovation or co-design that could result in better outcomes. NCVO members’ experience is that the contracts and processes they have entered into have been disproportionate or unviable because - either in part or in whole - of their commercial structuring. These situations have arisen particularly in situations where the contracting authority failed to enter into dialogue with the supplier market before developing their contracting strategy. A more systematic approach to gathering market intelligence pre-procurement and greater co-designing with the market is needed.

Onerous procurement processes and requirements

Many public service tenders continue to use arbitrary, boilerplate minimum qualification requirements on providers, such as minimum turnover levels that are disproportionate to the scale of the service being commissioned, preventing smaller providers from bidding.

During the Work Programme, voluntary organisations faced large administrative burdens attempting to participate with a limited window in which to join prime contractors’ bids. They had to identify potential prime contractors and submit bespoke expressions of interest to each. An Employment Related Services Association (ERSA) survey found that some prospective subcontractors had completed over 100 different expressions of interest. If they were fortunate enough to be part of a winning bid, voluntary organisations then had a limited window in which to sign contracts with the prime providers. Some subcontractors had not signed formal contracts with their prime contractors by the time of the Work Programme’s launch. In some cases, the sheer administrative burden appears to have been overwhelming for smaller organisations. One voluntary sector subcontractor on the Work Programme reported signing a contract that was 140 pages long.

The Crown Commercial Service has taken steps to address the length of contracts with the introduction of the short form terms and conditions for low value procurements, which reduces the transaction costs of participation for SMEs, although it should be noted that the shortening process has led to the loss of other helpful terms, such as the integration of social value approaches that exists in the CCS’s larger frameworks.

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Limited use of social value approaches

Using the Social Value Act is an opportunity for commissioners to consider the economic, social and environmental, and wider value a contract can bring. Government guidance has consistently encouraged the public sector to apply social value beyond the letter of the law. For example, Best Value statutory guidance published in March 2015 stated: “Authorities can... apply the concept of social value more widely than this and this Guidance recommends that authorities consider social value for other contracts (for example below the threshold or for goods and works) where it is relevant to the subject matter of the contract and deemed to be beneficial to do so.” The Crown Commercial Service now has a publicly available social value policy, outlining how social value is embedded through its work.

However, the reality of commissioning behaviour is very different. Procuring for Good (2016) found that only a third (33%) of councils make good use of the Social Value Act, routinely considering social value in their commissioning and procurement activity, and that one in four (24%) had a social value policy in place. The most advanced councils were drawn from every tier and of every political composition, demonstrating that there are no insurmountable barriers to the use of the Act, but more work is needed to embed it consistently.

The research also looked at whether the application of the Act was limited to the design of tender, or whether tenders were scored on social value. Typically, councils that weighed for social value attached 5-10% of the total marks on that basis while some were scoring up to 20% and in some cases 30% for social value. The research also asked whether the Act was considered a cost or a burden by local authorities. Those that used the Act confirmed that it was not considered a cost, building on previous research which suggested it actually delivers savings. Healthy Commissioning (2017) looked at the use of the Act by Clinical Commissioning Groups (CCGs) in the NHS, and whether emerging NHS Sustainability and Transformation Plans referenced the Social Value Act. Just 13% of CCGs demonstrated “highly committed, evidenced and active use” of the Act.

Q6. What are the most important changes needed to enable local public services to respond further to the needs of communities? (Please rank up to three choices in order of importance, with 1 as the most important, 2 as the second most important and 3 as the third most important)

1 Changes to commissioning practices

2 Service providers delivering more public services that have been designed and produced with their users

3 Greater understanding of how to demonstrate and measure social value*
Q7. Considering all the changes you discussed in this section, how could these changes be implemented now and/or in the future? You may want to think about the role of different parties, for example central and local government, other public sector bodies, charities, businesses, yourself / your organisation and others.

Change commissioning approaches through commissioner training and system leadership programmes

Frameworks for the appropriate and effective deployment of particular commissioning methods exist, such as outcome-based payment schemes and social value approaches exist but in practice their integration into decision-making processes across all levels of government is inconsistent.

With these frameworks and approaches in mind, devolution provides an additional challenge in ensuring that decision-makers take a uniformly systematic approach to making long-term, sustainable sourcing decisions that will enable a diversity of providers to participate in service delivery. The advent of combined authorities, city mayors, Police and Crime Commissioners, Sustainability and Transformation Partnerships, and Accountable/Integrated Care Systems magnifies the cultural barriers to disseminating and implementing best practice approaches with commissioners operating across a range of relatively new devolved bodies. For example, commissioning for social value has long been official best practice as articulated by central government, but Kings Fund and SEUK research has found low levels of use and even awareness of social value approaches among commissioners.

A key challenge facing any government looking to change commissioning approaches to address the barriers described above is the increasingly devolved and fragmented state of public services, and the capacity of commissioners themselves. Achieving widespread change in this context is unlikely to occur within existing resources or through the mere provision of guidance; it will require active resourcing.

There are existing models of programmes that address these issues through commissioner training and system leadership approaches, such as the Commissioning Academy and the NHS Building Health Partnerships programmes, but they remain relatively small scale and under present trajectories will continue to only reach a small proportion of the commissioning workforce. Expanding programmes that use these approaches would be an effective way of changing practice across the very diverse commissioning landscape.

Better integration of social value in national and devolved commissioning

Use of the Social Value Act could be improved by strengthening the requirement that public bodies ‘consider’ social value in public sector contracts to instead having to ‘account for’ social value. By having to evidence the social value they have generated, commissioners are more likely to

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80 Due to be published in February 2018.
81 See Q2b below.
incorporate additional social, environmental and economic objectives into their procurement activities. Outside of legislative change, the Cabinet Office could track the implementation of the Act through yearly progress reports and develop performance indicators so that the extent of implementation across public bodies could be measured.

Integrate learning from large public services programmes into the next wave of national programmes and the design of EU succession funding.

Major public services programmes such as Transforming Rehabilitation, the Work Programme and the distribution of ESF funding have generated a great deal of learning around how the design of such programmes either enables or prevents smaller organisations from participating in them. The design of EU succession funding and further major programmes must integrate this learning to ensure the trend of less diverse public service markets is to be reversed.

Higher quality open data

It will be difficult to assess any changes aimed at ensuring public service markets are healthy and diverse without good quality data on government decisions. The Crown Commercial Service (CCS) has made important progress towards enabling the use of government data to improve the transparency and accountability of the government’s commissioning and procurement decisions, as part of its Contracts Finder service. For example, the inclusion of a non-proprietary unique identifier field (i.e. listing a company or charity number) as part of the award notices published on Contracts Finder will enable the tracking of what type of organisations are successfully winning government tenders (for example, by cross-referencing the number with company or charity accounts to determine the size of the organisation). The planned publication of similar notices for subcontracting awards will permit analysis that extends beyond prime providers and down to other providers in their supply chains.

However, CCS faces challenges in achieving compliance from other public sector organisations with the process and data entry requirements of Contracts Finder, and while it has a programme of work addressing this issue, it has relatively few formal ‘levers’, meaning that some aspects of the data it collects are low quality and detailed analysis is not possible. It is also worth noting that there is a higher threshold for local authorities spending before they are obliged to publish tenders on Contracts Finder, which necessarily decreases the resolution of the data with regard to how local government is making procurement decisions. Problems with data quality in spending data are also evident in other areas; the introduction of the Government Grants Information System is welcome, but the datasets published to date show very differing levels of compliance with the system’s data standards, making analysis difficult.

More training and leadership around the importance of data quality in commissioning could help improve the ability to track government commissioning and procurement behaviour, although this

82 https://www.clinks.org/resources-reports/under-represented-under-pressure-under-resourced
would appear unlikely to occur spontaneously without resource and clear support from senior leaders in government departments.