

## **NCIA Inquiry into the Future of Voluntary Services**

### **Position paper on the role of national charities and federated local charities in the provision of local services – outline brief**

#### **Introduction**

As part of the NCIA inquiry into the Future of Voluntary Services, we are intending to publish a series of position papers to explore key issues and stimulate the debate. This paper presents an outline brief for one such key issue – the role of national and federated local charities in the provision of local services. This paper is a draft and we will welcome comments and suggestions that would improve it.

In drawing together and presenting the material necessary for this paper, we are looking for academics, researchers and activists to help us with the task – in setting out the theoretical background, assembling evidence and case studies and in the thinking we need to move towards a coherent position and narrative on the issues involved.

More information about the Inquiry and its scope can be found here -

<http://www.independentaction.net/2013/07/01/inquiry-into-voluntary-services-full-briefing-now-uploaded/>

#### **Background and context**

For generations *nationally-based charities* have been involved in designing and delivering welfare and other services within local communities. Indeed the tradition of this form of provision predates the creation of the welfare state and had a significant influence on the statutory services that were built as part of the welfare state. In subsequent decades the role of national charities came to augment and complement public services in the direct management of statutory bodies<sup>1</sup> or created services where no statutory duty existed (accommodation for single homeless people for example). Where these activities involved locally-based services, they operated alongside other local voluntary agencies, sometimes collaboratively. These services were often funded from the national charity's own income; where statutory funding was available it was typically in the form of grants. Many of these national charities are extremely wealthy. Barnardo's for example has an annual income close

---

<sup>1</sup> With some rare exceptions, where charities served to assist or substitute for local statutory bodies in fulfilling their statutory duties. For example, the NSPCC shares, with local authorities, statutory powers to intervene on behalf of children.

to £250M annually, Shaw Trust £97M, Turning Point £80M, Catch 22 £48M, etc. Overall, large national charities control the vast bulk of charitable income <sup>2</sup>

A second form of national/local charitable service provision has been in the form of **federated local agencies**. Here each individual local provider is an independent and autonomous agency with its own constitution and trustee board but also part of a national membership federation. Through the federation various functions and activities are shared; quality assurance systems, service standards, training and development work and the exercise of collective social policy influence are examples. Signally though, the national arm of these federations also provides leadership and exerts significant influence over the perspectives and approaches adopted by member agencies.

Perhaps the best known of these federations are Citizens Advice Bureaux, MIND and Age Concern (now AgeUK). Again, at national level these organisations are substantial in size and influence – for example AgeUK’s annual income is £167M, Citizens Advice £71M (including £24M of support to local CABs) - very substantial if one adds in the turnover of the member agencies.

Over the last 10 years or so the change in fashion amongst statutory funders to move away from grant aid to a contract culture based on commissioning and procurement has radically changed the environment in which voluntary services groups (VSGs) operate. In the main, the more competitive scene created has been confined to the re-tendering of historic grant programmes as they have been turned into procured contracts. Now however, as mainstream public services privatisation gathers pace we are increasingly seeing VSGs being drawn – or encouraged – into tendering for these service contracts. Many of these contracts (including re-tendered grants budgets) are for substantial amounts of money and this, in itself, favours large agencies with substantial bidding power and management capacity. Commonly, national charities have seen these developments as opportunities to extend to their scale and reach, including moving into new areas of service provision. This period has also seen another characteristic introduced into the scene – that of smaller local VSGs being offered sub-contractor status by the larger players. This raises a separate set of issues about independence and autonomy.

An embedded contract culture has also facilitated the rise of a **two new forms of national charity**. The first comprises groups that began as local service providers and which have adopted expansionist ambitions, competing aggressively to win contracts in other areas. POhWER, an advocacy charity that began in Hertfordshire and Crime Reduction Initiative, originally working in Sussex, are examples of this new form of predatory charity, taking over or supplanting local VSGs.

Secondly, new national charities have begun to appear that have been set up by people with high level private sector experience and strong links into government, and operating as business or ‘social’ enterprises<sup>3</sup>. An example would be The Challenge Network (<http://www.the-challenge.org/>)<sup>4</sup> The move to contracts and the encouragement to VSGs to bid for them has presented all these ‘categories’ of national voluntary bodies with choices about how to react and behave within a

---

<sup>2</sup> For example, figures published by the online giving platform Charity Choice show that the top 5% of charities receive 85% of all charitable income. Small charities experienced 11% decline in annual income over the five years to 2011/12, while large charities experienced 31% increase. Even if large medical charities and international aid charities are taken out of these figures, this leaves national services charities working at local level in a dominant position with regard to control of resources.

<sup>3</sup> The rise of ‘social enterprise’ as a form of agency active within the voluntary services sector is the subject of a separate NCIA briefing paper – see <http://www.independentaction.net/2013/08/12/getting-a-handle-on-social-enterprise-and-social-investment-whats-the-threat-wheres-the-opportunity/>

<sup>4</sup> The Challenge Network has a Board of Trustees, many with past and current senior jobs in the private sector, and a Chief Exec who previously worked for Rio Tinto and Proctor and Gamble. For the 2013 National Citizens Service programme the Challenge Network won 5 of the 19 regional contracts and were responsible for recruiting about a third of the intake.

marketised environment. The result has brought to the surface different responses to the complex ethical, strategic and operational decisions involved. These differences are, in part, a function of the differences in the history, character, culture and aspirations of these charities and voluntary organisations. It is very difficult, therefore, to make generalisations.

However, based on substantial though impressionistic information, NCIA believes that the reaction and behaviour of many national charities and federations has fed a 'direction of travel' that is damaging to the role that we would like to see played by independent voluntary services. This has a number of dimensions including:

- Damage to distinctive inclusive and democratic forms of working that have been a feature of voluntary sector groups, through the rise of 'managerialist' business practices such as oppressive and bullying management hierarchies, concentrations of power and decision making, use of zero hours contracts, cuts in wage levels, discouragement of trades union activity, or gagging restrictions;
- Damage to collaborative and joint working arrangements with other voluntary agencies. Competitive tendering encourages tension, secretive and selfish behaviour and can lead directly to the fracturing of long-standing alliances and a fragmentation of provision;
- Marginalisation (or worse) of local knowledge and experience and existing networks as well-established local groups and organisations are squeezed out by 'in-comers' with few if any roots in the communities to be served;
- Damage to our 'common wealth' – the marketisation of individual and community needs demeans the recipients and the value of the services involved, conspires with the privatisation and outsourcing of vital public services, and is based on assumptions about access and quality that do not have a sound evidence base;
- The shifting of ultimate accountability to distant and often bureaucratic head offices;
- And in the medium term, much of this realignment is unlikely to be successful. VSGs – even large charities – that decide to live by the market can die by the market too. It is negligent to ignore that this space is also occupied by massive – and ruthless – global corporations.

The above picture is complex and shifting. As part of our Inquiry we think it important that we attempt to gain a sharper focus on what is happening in this part of the voluntary sector and identify those forms of behaviour and activity that we want to support and those that we disdain.

## **The purpose of the piece of work**

The purpose of this piece of work is to:

- Plot the landscape in this area of voluntary services provision – who is doing what, and under what circumstances; on what scale and with whom?
- Identify the principles behind and the operational/service characteristics of good practice in this area – where can the activities of these kind of voluntary agencies be judged positively according to NCIA perspectives (see for example p.2-3 of our full Inquiry briefing for a brief explanation of our position – downloadable here <http://www.independentaction.net/2013/07/01/inquiry-into-voluntary-services-full-briefing-now-uploaded/> )?
- Identify the elements of poor practice in this area – where and how can the activities of national charities and federated voluntary agencies be judged to be damaging to the maintenance or development of healthy local networks of voluntary action and voluntary services?
- Provide pointers to further follow up work that may be required within the terms of the Inquiry, such as gathering information from key respondents;

- Help to stimulate a debate amongst NCIA supporters about effective strategies that will encourage national and federated voluntary services providers to use their skills and resources in ways that will strengthen positive and radical voluntary action in local areas.

## **Possible areas for attention**

- An assessment of the scale of services provided by these categories of voluntary agency and in what fields of work;
- A review of the range of perspectives underpinning the work of these groups and how these are reflected in their delivery of local services and in their aspirations and forward plans. This might include looking at their position on cuts to public services, rights and entitlements, contracting, privatisation, competition, 'managerialism' and top-down regimes of compliance;
- The nature of their relationships with and impact on local VSGs (displacement, sub-contracting, etc.) and the collective life of that local sector (through local umbrella groups, for example) – is their influence positive or damaging to NCIA principles of radical voluntary action?
- The nature of their relationships with local statutory bodies and the extent to which their activities help or hinder those opposed to outsourcing and privatisation of public services;
- The nature of their relationships with the private sector, with whom they are increasingly sharing the space for the local provision of social support and protection services;
- An overall assessment of the extent to which charities of this kind do, or might, act as a radical force for social justice and equality; positively influence the shape of local services and policy; and the likely factors which will hinder/assist their radical action;
- What do we do about it? Ideas and suggestions about appropriate radical responses to the environment described.

Andy Benson

23/9/13

[andy@independentaction.net](mailto:andy@independentaction.net)

0208 800 7509