

Matthew Smerdon, Speech at the launch of Sources of Strength.  
Baring Foundation, 20<sup>th</sup> February 2007

I lead the Strengthening the Voluntary Sector grants programme and I'm going to begin this afternoon's presentations with a short explanation about why the Baring Foundation is interested in independence and explain what we are doing about it.

Taking this first question, why are we interested in independence?

The starting point for the programme is the Foundation's statement of values. In that we say that "We believe in the value to society of an independent and effective voluntary sector."

I would like to go back to William Beveridge to find a reminder of why independence is so important. In *Voluntary Action*, his 1948 report, Beveridge reviewed the role of voluntary action following the founding of the welfare state. He forcefully argued that 'needs remain in a social service state' and that it was voluntary action that had to identify and pioneer ways of meeting these needs. Writing so soon after the end of the war, his message also has an urgency about it - that voluntary action is a fundamental expression of what it means to be free. He talks about voluntary action being private action not under the directions of any authority wielding the power of the state. It is action that has a will and a life of its own.

Consequently, the principle of independence is absolutely central to organisations performing their functions adequately.

Independence is all about the freedom to deliver your values. By this I mean that it's about the freedom to be inspired, it's about the freedom to translate this inspiration into practice and it's about the freedom to define what you are trying to achieve. In the course of delivering values, you naturally need to draw on the contributions of others. The question is how you manage this cooperation without losing sight of your values.

A set of circumstances currently makes this difficult.

I'd like to read an excerpt from a recent speech - some of you may recognise it but for those who don't, I won't tell you who said it until after. This senior figure talked about government and, I quote, its "unwillingness to understand the fundamental nature of our ethos". He went on to argue that government "appears to assume that commercial so-called 'best practice', with its proliferation of performance indicators and targets, transfers seemingly without

question to our work." He described a situation whereby "the government congratulates itself on achieving a plan defined by itself, but which is far from our needs."

You may be wondering which voluntary sector chief executive this was, it captures so many of the frustrations that the sector expresses – In fact it was General Sir Michael Jackson talking about the relationship between the Army and the Ministry of Defence.

These comments reveal such a closeness in language that they tell us something more fundamental about the way central government can interact with those outside it.

Managing relationships with government is the challenge. For us in the voluntary sector, these growing relationships offer both welcome opportunities and threatened dangers. The opportunity to deliver more services and, if we do that well, to influence government. But it brings dangers – the evidence of these is expressed in that quotation by General Sir Michael Jackson, but the mechanics of the threat are well captured in this African proverb which advises that "if you have your hand in another man's pocket, you must move when he moves."

Julia Unwin in 'Speaking Truth To Power', her paper for the Foundation published in the year 2000, talked about the strains and gains of a closer relationship with government. Nicholas Deakin in leading the 1996 Commission on the Future of the Voluntary Sector asked whether 'the distinctive nature of voluntary action... is in danger of being compromised as organisations move away from their original objectives and take on new roles, defined for them by others.' This question is still so relevant and it captures why the Foundation wanted to focus on this issue.

This brings me to the second question - what are we doing about this?

Since 1996 our Strengthening the Voluntary Sector grants programme has supported organisations that tackle disadvantage and discrimination. Grants have helped organisations to improve their efficiency and effectiveness. The programme excluded funding for services and instead, focused support on strengthening the infrastructure of organisations – the strategies, skills, systems and structures. In 2005, trustees discussed how the programme might be further focused. They could have just chosen an aspect of organisational development like strategic planning, but their deliberations led to a much more interesting, and difficult question that sought to combine these two long standing interests – organisational development and the independence of the sector.

How could the Strengthening the Voluntary Sector programme make a specific contribution to strengthening independence. What sources of strength could the programme help organisations to develop that would enable them to establish and manage relationships with government that allowed their values to flourish.

If you believe the African proverb, you would argue that a funding relationship with government inevitably compromises independence. The Foundation does not believe that this is true.

We agree that in a relationship with a significantly more powerful partner there is the POTENTIAL for compromise but it is not inevitable. We recognise that both scenarios, one of compromise and one of successful cooperation, are currently true. Success certainly varies considerably. What we began to explore was what are the circumstances under which organisations can establish a productive relationship with government, where the experience and resources of each combine to greatest effect?

It seemed to us that organisations that were achieving this had two characteristics, in this order. Firstly they could demonstrate their legitimacy, and secondly they acted with confidence. I say 'in this order' because there is no value at all in organisations who operate with confidence, but do so without legitimacy. So we issued guidelines that allowed for a range of ways in which organisational development could strengthen these characteristics. We invited organisations to send us two sides of A4 on how they would do it. And we got 515 replies.

What was made clear to us time and again in the applications, is that organisations believe they can do something about this.

Nicholas captured this so clearly in his recent lecture for the Foundation, which is on our web-site, when he said that 'looking at the applications it was clear that there was no conspiracy here by the Great Leviathan to take over the sector... the problems are substantial but they can be addressed on a case by case basis.'

That's why we felt it was so important to try and capture that in a systematic way and why we asked Cathy Pharoah to analyse this.

In December last year, trustees made 1.8 million pounds worth of grants to 22 organisations.

But we want to do more. So, an integral part of the grants programme is a range of research and development activity that is running alongside the grant making. The first element of this is a network that brings the 22 funded organisations together to share experience, capture lessons and advise us.

The second element is an external evaluation. This is being carried out for us by CENTRIS. It will generate case studies, new thinking on how to measure independence and lessons about the conquest of the difficulties that organisations are tackling.

We will also publish a series of working papers that will aim to share the lessons and stimulate debate. The first of these papers is called *Allies not Servants*, and you will find it in your packs. The second is called 'Sources of Strength' and this is the report that Cathy will describe shortly and is also in your packs. Others papers will follow, and you can only wonder what colour the printer will come up with next.

And finally, we will seek to influence the wider funding environment by working with other independent funders and government.

I'd like to reinforce that the grants programme is not anti-government. As I said the Foundation welcomes the opportunity provided by government's interest in the sector. There are good people in government who understand the importance and value of finding the best ways for the government and the sector to work together. It's our hope that this grants programme, in a range of ways will support these people. Gordon Brown speaking in 2004 said, 'Independence is the essence of your existence, the reason you can serve, the explanation of why you can be so innovative (and why) you can make the difference that others cannot.' We agree.

We welcome the work on independence going on elsewhere. Notable examples are the group of independent funders gathered together as the Woburn Place Collaborative funding work by CENTRIS as well as Carnegie UK's Commission on Civil Society. The Charity Commission has recently made strong statements about contracting and when and how organisations should consider this. And last year Esmée Fairbairn Foundation funded and took part in an inquiry into the values of the sector, led by Community Links. The Inquiry found that there were significant threats to values from outside the sector, but the organisations that navigated these threats most successfully used their values to guide them.

Some of the statements and practice from other sector organisations reveal a shocking complacency about independence. That's dangerous, as the Community Links research showed, we need to be able to demonstrate passionately and robustly how we are distinctive and how that makes us effective. Otherwise, in the attempt to keep our hand in the government's pocket we WILL move, and we will leave something very important behind. We have this spirit called voluntary action, action with a will and a life of its own. We inherited it, we must make sure that we leave it as a legacy.

Enjoy the rest of the evening. For those who joined us at 5 o'clock to find 40 people already here. Don't worry you weren't two hours late, we had the first of our network events this afternoon that brought the funded organisations together. Rather than being daunted by the task, I think there was a tremendous sense of purpose this afternoon, evidence of the willing commitment to make this happen. I hope at the reception afterwards that you get a chance to speak to the organisations. I think we have a practical and exciting programme and speaking to them will really bring it to life. And we will aim to keep you in touch with what happens. I hope it goes without saying that where you see opportunities for us to collaborate with you or for us to connect with your work, then we would be delighted to do that.