

The Baring Foundation

Annex to Mission, Money, Mandate

the full text of the speeches to the Independence Summit,
Wednesday 8 July 2009.

Edited by Matthew Smerdon, Baring Foundation
Strengthening the Voluntary Sector – independence

The Baring Foundation

The Baring Foundation was set up in 1969 to give money to charities and voluntary organisations pursuing charitable purposes. In 40 years we have given over £98 million in grants. Our budget for grant-making in 2009 is £2.2 million.

The Foundation believes in the fundamental value to society of an independent and effective voluntary sector. It uses its funds to strengthen voluntary sector organisations, responding flexibly, creatively and pragmatically to their needs. The Foundation puts a high value on learning from organisations and their beneficiaries and seeks to add value to grants by encouraging the sharing of knowledge through a variety of means.

Strengthening the Voluntary Sector

In 1996, the Baring Foundation launched the Strengthening the Voluntary Sector grants programme. This programme funds organisational development work aimed at supporting organisations to be efficient and effective. The programme has supported 712 organisations, giving a total of £14.5 million.

Strengthening the Voluntary Sector – independence

In 2006, the trustees added a focus to the grants programme inviting organisations to apply for work that would help them to maintain or increase their independence from government. In 2008 the programme was focused further to support the independence of advice and advocacy organisations. This paper forms part of a series of papers designed to share information and lessons from this grants programme. Please see the back cover for details of other papers in the series. These are available on our web-site.

www.baringfoundation.org.uk

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The Independence Summit

On 8th July 2009, the Baring Foundation hosted the Independence Summit. The event brought together 70 practitioners, policy makers, funders and academics interested in how to advance the independence of the voluntary sector from government.

The aims of the Summit were to:

- join up the range of current activity to promote independence – what is being done, what is being learnt?
- look forward – what are the future challenges to independence, what are the gaps, what are the priorities for action?
- help the Baring Foundation to develop priorities for the fifth year of the STVS independence grants programme.

This Annex to the main Summit report provides the text of the five speeches at the event.

Professor Nicholas Deakin, Vice Chair, Baring Foundation

The importance of independence

The independence of civil society and civic actors, and their relationships with the state in its various forms is a theme with a very long pedigree indeed.

That was brought home to me just the other day at a seminar when I heard Tristram Hunt present his fascinating study of Victorian cities, *Building Jerusalem*. In it, he provides a vivid portrait of developing relationships between government and civil society, observing the role of the local state expanding, for example through the propagation of the civic gospel in my adopted city of Birmingham. Hunt also shows how that relationship ebbs and flows – there is no ratchet effect; what government takes on it can later relinquish. So these relationships were and still are dynamic, taking different forms at different times and in different circumstances.

What Hunt was describing for Victorian England fits my own experience. The forward march of the state as I have observed it over the past half century has been an uneven process – indeed, over the past decade and a half or so it's been a rather self-conscious retreat. But on what terms? My own views on independence have been shaped by study of the sector as well as practical experience both in government and as trustee of voluntary organisations. And recently, there's been a further twist – I've had the historians in.

That's not the result of any degree of eminence (real or imaginary) as of sheer age – anyone around and active in the sixties and seventies who is still marginally compos now has some sort of status as a witness. Though I should add that there is a new generation of young historians kindly telling those of us from those far distant times what really happened then – as opposed to what we thought was happening while we actually experienced it.

Being confronted with past positions, past writings even, can be disconcerting. "I know what you wrote 30 years ago" says someone – and you don't have the faintest recollection of the occasion let alone the contents. But among the dusty piles I sorted out an essay from the slightly more recent past (only 16 years ago) which this time I did recall.

It was called *The Perils of Partnership* – and on that theme at least I've not changed my views. I still think that partnership with the state (and for that matter the market) is indeed a perilous enterprise – but also a necessary one. What really matters is negotiating terms of engagement that respect – and as far as possible secure – the legitimate interests of both parties without distorting their respective roles. That was the kind of thinking that led us in 1996 to propose what became the Compact.

The Baring Foundation & Independence

Fast forward now to 2005, when I was asked to join the Baring Foundation's Board of Trustees. I was glad – honoured, indeed – to do so, considering the distinguished record of innovation under successive Directors and Chairs. If you look at the Foundation's statement of values you will find as the first item a statement of a belief in the fundamental value to society of an independent and effective voluntary sector.

When I joined the Board the trustees were thinking about ways to develop the successful Strengthening the Voluntary Sector (STVS) programme, with its pioneering emphasis on core funding. This led to a discussion about the impact on the voluntary and community sector of its growing relationships with all the branches of government and eventually to the development of a programme framed around supporting independence.

This programme, I want to stress, is not an anti-government initiative; we seek to use organisational development to strengthen independence and in so doing secure the delivery of more effective services. That has been the theme throughout and is particularly relevant to the latest phase in the programme, which concentrates on organisations delivering advice and advocacy.

The purpose of the Independence Summit

As our programme has developed and we have engaged in discussion and feedback on the first results of our grant-giving, we have become aware that we at Barings have become part of growing discussion and activity on independence. So we thought it would be timely to draw these threads together and ask what is being done, what is being learnt?

Because we want to look forward – identify the future challenges to independence, locate the gaps in our current range of activities to protect independence, see what the priorities are for action. More practically, perhaps, we also want delegates here today to help us to develop the priorities for the fifth year of the programme.

A word in closing about some of the pressures that may affect the situation of the sector and current changes helping to create these pressures.

Impact of the recession

My colleagues at the Centre for Charitable Giving and Philanthropy are urging us not to panic about the short term – the effects on giving may not be as severe as anticipated. But what might be more important for the longer term is a possible psychological change. The market may become less attractive as an alternative to the state, as a partner, when taking short cuts to *independence* by hitching your wagon to star performers in the financial markets becomes less rewarding – or alluring.

Possible impact of a change of government

The creation or expansion of “markets” for services now being provided by the voluntary sector may well increase under any future Conservative Government. There are a seductive set of myths about commissioning – that it is cheaper, the best way to improve quality because it is more motivating and so forth. These belong in the same box as those other hardy perennials: efficiency savings and culling quangos. They all flatter politicians by promising easy solutions, only to deceive.

There will probably also be tensions for a new government over assessing whose voice should count in the making of policy and the receipt of support, possibly privileging faith-based organisations. There is the whole debate about how to ensure proper accountability without destroying the supposed attributes of voluntary action – and not falling too quickly for another of those easy answers: “stripping out bureaucracy.” There will be cuts in public expenditure: that’s a given, whichever party is in power after the Election – but where they will fall and on

whom remains to be seen. The possibility of the voluntary sector being drafted to fill in gaps created by the cuts can't be discounted: the shadow Chancellor's reference recently to "harnessing" the energies of charities had some unhappy resonances.

But all this is of course mere speculation pending the real event – and what the next generation of historians writing in the mid twenty-first century will make of it I don't know. However, what is already clear to me is that the debate about the terms of civil society's independence will go on, because it is certain to continue to be an important one, not just in its own right but for the future of society as a whole.

Andrew Hind, Chief Executive, Charity Commission

As the regulator of charities, one of the things I find fascinating about the impact of the current recession – and the future it makes inevitable – is the way in which tenets of what was good practice have now become principles of basic survival. Nowhere is this truer than when it comes to charities' independence – and not just their independence from government – but from all undue external influence and control. Of course, charity law states that trustees must act independently in the interests of their beneficiaries, but the issue of independence is even more profound than that. Public trust in, and support for, charities is predicated on a belief that they take their own independent decisions about how their beneficiaries' interests can best be advanced, and that they do not operate as the tools of any other agency or interest group – statutory or otherwise.

The trust / accountability / independence triumvirate

At a time when trust in so many aspects of society is in freefall – banks, politicians, social care, etc – this issue of public trust in charities is absolutely crucial. Our survey with MORI published last summer, into levels of public trust and confidence in charities, shows the sector continues to represent something intrinsically trustworthy in a world where trust in institutions generally is in increasingly short supply.

Overall public trust and confidence in charities – measured as a mean score out of 10, actually increased from 6.3 in 2005 to 6.6 in 2008. Slightly over a third of those surveyed gave charities a trust rating of eight or more out of ten. This is an incredible result. There was near-total agreement about the need for charities to be publicly accountable, with 96% of respondents saying it was important to them that charities provide public information on how they spend their money. In fact, not knowing how a charity spends its money is the top factor making people less likely to trust charities. 76% of respondents agreed, or strongly agreed, that most charities are trustworthy and – and this is key – that they act in the public interest. The public interest, not private interest or their own or that of another agency.

Charities' independence unequivocally goes to the very heart of the fundamental relationship between them and the public. The public may be more or less impressed with how charities use their funds; in other words, their efficiency. But, as recent high profile cases we've dealt with clearly demonstrate, any hint of 'capture' – be it by political parties or statutory funders – is the ultimate no-no.

So, in as much as public trust and confidence hinges so fundamentally on both the accountability and independence of charities, and that fostering that trust and confidence is the number one role of the Commission, it's something to which we give the highest priority.

This issue of independence has become more fraught in the public's perception as the incidence of charities being solely or mainly funded by government has increased. This will only become a more pressing issue as the squeeze on public funding gets underway.

The challenges of going public

I have no proof, but I suspect that while it's a fairly safe bet that most people recognise housing associations as being not-for-profit, they would be surprised to learn about the range of public services which charities actually carry out. As money gets tighter and services get squeezed, both independence and accountability are going to be under the spotlight for these charities as never before.

At the start of last week, the Prime Minister unveiled the government's 'Building Britain's Future' blueprint. The emphasis was very much on citizens receiving more personalised services, with greater opportunities for redress if they feel these services are inadequate.

This is very much about the perceptions of those receiving public services, rather than the perceptions of those delivering them.

And it's here that some in the sector may need to up their game. Our recent report about new perspectives on the charity / beneficiary relationship showed that only 29% of the charities we surveyed said they had a complaints or beneficiary feedback procedure in place. This actually represents a slight worsening of the situation against the benchmark of a survey we undertook in 2006 – where a third of all charities surveyed said they had such a system in place.

It's unclear to me, in that context, how 79% of the charities we surveyed for this year's report said they evaluated whether their services met the needs of their beneficiaries. If you don't have a complaints or feedback system in place, it rather begs two questions.

1. How on earth do you know?; and
2. How on earth do you prove it – whether to funders or beneficiaries?

Make no mistake, if charities don't have the evidence base to show the level and nature of beneficiary need *and* to demonstrate that they are meeting it, they are in a much more vulnerable position when it comes to maintaining their independence. If a charity cannot justify its own agenda in times of tightened funding, it lacks a clear anchor point if it becomes pressured to take on someone else's agenda.

Futureproofing the sector's independence

Now a word about the role of the Charity Commission itself. We are living through unprecedented times of both fiscal and political uncertainty, but thus far, there has been recognition across all political parties of the need to protect the independence of the charity regulator. And this recognition has played out in practice as well as in theory. In our work on cases from Interpal, to the Smith Institute, our request a few months ago for the BBC and Sky to rethink their decision not to show the DEC's Gaza Appeal and even in our assessment of the public benefit status of faith charities and charitable fee-charging schools, we've never once had any hint of political interference to influence the outcomes of our

decision making. Both the Commission and charities must ensure that our independence remains sacrosanct – and neither of us can do that if we don't view it as a fundamental principle rooted at the heart of our organisations.

While I'm confident that any politician, if asked, would confirm the primacy of an independent charity sector, we all know the political agenda will be dictated by the turbulent financial waters ahead. When money is tight and expectations are high it would be a rare breed of local or national politician who didn't try and get their service providers to cut their cloth according to funding, rather than beneficiary, priorities.

So, to sum up, the independence of the charity sector is one of the key elements – probably the key element – which still makes it unique, valued and, above all, trusted. We have all seen how swiftly and completely public trust can be lost. Whatever the coming months and years bring, the sector must ensure its independence remains absolutely at the core of its operations. There have already been many casualties of these difficult times. At all costs, the independence of charities must not become one of them.

Sir Bert Massie, Commissioner for the Compact

Why is the independence of voluntary action from government important?

By voluntary action I assume we mean lawful action taken by private individuals on their own initiative to improve the lives of other people, either by providing directly for them or by speaking out on their behalf for change. There are several things that in an ideal world we would like the state to provide to help voluntary action flourish, including for example: funding voluntary action out of public money; encouragement and incentives to citizens to participate in, and/or help to resource, voluntary action; tax advantages for organised voluntary action; a benign legal and regulatory environment; and so on.

We do have these in some measure.

However, before those things there are two other far more important things. Without them, voluntary action cannot even take root, let alone flourish. They are:

- First, a state guarantee of the right of people to come together and organise themselves behind a cause which they share;
- Second, a state guarantee that it will not try to control, influence or subvert voluntary action.

The second is in practice a guarantee of the independence of voluntary action from the Government. It is absolutely essential.

I regard the Government as meeting that guarantee if it leaves voluntary organisations entirely free to judge what is in the best interests of those they seek to serve, and then to act on their judgements.

Independence is taken away from a voluntary organisation when anyone – whether a Government or a private interest – influences it to act in their interests instead of the interests of the people the organisation serves.

That influence can be deliberate or inadvertent, overt or covert. It can consist, most insidiously, of their trying to persuade you that your best interests are theirs.

Is there a genuine understanding across government (politicians and civil servants) of the principle of independence and its value?

I have not come across anyone in government who would refuse to sign up to the idea that the independence of voluntary action is important and must be safeguarded. However, in the world of the Compact we see almost daily examples of actions by people in government who say they are signed up to the idea but then do things which seem, at least to voluntary organisations, to contradict that.

I am not suggesting that there is any giant conspiracy in Government to undermine independence. Most of the examples we see involve people in government who have not understood what independence means to a voluntary organisation, nor why it is important, nor what motivates the people who run the organisation. Nor are they conscious of the huge imbalance of power between themselves and the voluntary organisations they deal with, and the effect that their lightest word or action from a position of power can have on a small voluntary organisation.

It is not a one-way street, however. There is too little understanding within voluntary organisations of the processes of government and of the things that officials have to do to satisfy accountability requirements. Some voluntary organisations even take the view that it is for government to make the effort to understand them, but not the other way round.

What practical work is my organisation currently doing to protect / promote voluntary sector independence?

What I have just said also reflects the conclusions of the first of three pieces of work I want to mention.

Last year we commissioned research into how central Government perceives and gives effect to its Compact commitment to safeguard the independence of the voluntary sector. The researchers, Rocket Science, looked at eight central Government departments.¹ Their report, called *The State of Independence*, together with a separate literature review, is on our website: www.thecom pact.org.uk. It provides a useful insight into the different ways that different departments view the question of independence. In doing so it illustrates that there is no overall Government approach and that on some matters Government departments appear to be independent from each other!

Second, we have just published some guidance called *Independence Matters*. Thanks to the Baring Foundation for their contribution to it. The guidance describes five dilemmas and discusses the issues at play in each case, both from the Government and from the voluntary sector side. Dilemma 1, for example, is about a local charity campaigning for the rights of immigrants. The charity's director embarrasses the local authority, which funds the charity, by criticising in public the authority's treatment of its service users. The authority then warns the charity that further public criticism of that sort could jeopardise the funding.

The other dilemmas are similarly familiar. The purpose of this guidance is to encourage people working in the public and voluntary sectors to look at the actions and reactions that the dilemmas describe not only through their own eyes but also through the eyes of the other side, as it were. In the one I have just mentioned the warning given to the charity is, depending on how you view it, either an outrageous threat to an independent organisation's freedom to speak out on behalf of its beneficiaries, or a timely reminder that the council might have

1) They were: Health; Work and Pensions; Communities and Local Government; Justice; Children, Schools and Families; HM Revenue and Customs; Culture, Media and Sport; and Environment, Food and Rural Affairs.

better uses for its money than giving it to someone who spends it on rubbishing the council in public instead of discussing concerns privately.

What lessons are there from this work for the sector and for government?

The third piece of work I want to mention is the current review of the Compact. With the Office of the Third Sector, Compact Voice and the Local Government Association we have been redrafting the Compact to shorten it, remove repetition and duplication, and bring it up to date with recent developments in the law, policy and practice. We aim to publish the redrafted Compact for consultation on 20 July, and I hope you will get hold of it and comment.

The Compact rarely gets a good press but there is no doubt in my mind that it has changed things for the better since 1998. It is better to think of the Compact as a glacier rather than a volcano since anyone who looks to it for immediate spectacular change will be disappointed. The changes it seeks to make are imperceptible in real time, but they last and they change the landscape.

The most important lesson on independence is in my view that we need to improve the capacity of people working in Government and people working in voluntary organisations to understand how the world looks through the other's eyes, and to change their own behaviour and expectations accordingly. That is essentially what the Compact is about: improving mutual understanding, and thereby making it easier for the state and voluntary action to combine forces, where appropriate, for the better service of citizens.

Sarah Benioff, Deputy Director, Office of the Third Sector

I am the deputy director in the Office of the Third Sector (OTS) in the Cabinet Office with particular responsibility for participation; this includes responsibility for volunteering, charitable giving, community action and campaigning. Thank you to the Baring Foundation for inviting me here today.

It is clear to me that all of these areas are about the people taking action to try to make things better. People who give time or money for the benefit of those who need it most, or start local social clubs or community groups; these are people who are not content with the world around them, who believe it can be better, and who are willing to drive that change.

A belief in progression and improvement has always been at the heart of the third sector mission – as well as the willingness to take action. This is definitely not a sector that sits on the sidelines or complains from a distance, expecting others to step in and tackle problems. The sector is actually at the forefront of tackling all of the biggest challenges we face as a society. So why is independence so important to this role?

I believe that independence is central to the strength and power of the third sector. In campaigning for change, providing a voice for the voiceless, building community cohesion, or providing services – the reason that you can do all that is because you have the trust of your communities, members, beneficiaries or users. This stems from the independence that is at the core of your activity, your mission and your role.

What practical work is my department currently doing to protect / promote third sector independence?

I would like to quickly highlight three of the most important measures that the Office of the Third Sector (OTS) is taking forward to create the right environment to preserve the independence of the third sector.

Championing the sector's right to campaign for change

Firstly Government is championing the sector's right to campaign for change. Third sector organisations play a pivotal role in advocating on behalf of their users, members or beneficiaries, this is particularly crucial in the case of marginalised groups. And Government wants to enable you to speak out even more.

Whilst many larger third sector organisations may have whole teams, dedicated and trained staff focused on campaigning in furtherance of their charitable aims / social or environmental mission, it is clear that in the majority of the third sector, small local organisations are struggling to access support for campaigning activity, are poorly resourced to undertake any, and are often insufficiently well connected to bring pressure to bear on key decision-makers.

We want to support these organisations to develop innovative approaches to enabling the voice of their community. That is why we have launched a small £750K action research programme into innovative campaigning approaches. We are in the process of identifying the 30 study participants, and will be able to disseminate findings throughout the sector over the course of the programme.

And we even put our money where our mouth is; funding organisations to hold us to account and challenge us to do more. We provide strategic, long-term funding to 44 umbrella body third sector organisations to advocate on behalf of their members back to Government, helping us to shape and make better policy.

Sustainable and empowering approaches to funding

Secondly, it is difficult for the sector to flourish in its independence if it is living hand-to-mouth and dependent on short-term grant funding. Government has taken a twin approach of increasing funding to the sector – over the last decade Government investment into third sector organisations has more than doubled from £5bn to £11.5bn – and making available a range of funding models that have sustainability and empowerment at their core.

The following three programmes combine sustainability with a move to give more power to local areas to identify the challenges they face and in partnership with local authorities and local citizens, work to resolve those issues.

In recognition of the findings of the Lyons review, (in 2004) which highlighted the important link between active communities and local enterprise as a route to community empowerment; and the Quirk review, (in 2007) which demonstrated the potential to achieve stronger and sustainable communities through asset ownership; we have invested £30m in enabling the asset transfer of 38 community buildings, such as community centres and village halls from local authorities into the ownership of local community groups.

We will build on this investment through the joint OTS and CLG £70m Communitybuilders fund. This fund will provide a mix of loan, grant and in-kind support to organisations that are planning to adopt a more enterprising business model, so that they can be supported on a journey towards sustainability. Last week we announced that the Adventure Capital Fund will be our delivery partner, and they will open for applications in late Summer this year.

In addition to supporting these larger organisations, the OTS recognises that over half of all third sector organisations have a turnover of less than £10,000 a year. These organisations face a number of particular challenges and are heavily dependant on local donations – which often fluctuate.

To create a more sustainable environment for smaller organisations too, the £130m Grassroots Grants programme provides £80m in small grants to local groups, where all local grant awards are decided by local panels. As well as being able to access vital small grants funding, the £50m endowment match fund will provide a source of small grants funding for local groups for many years to come.

In all three of these programmes Government is playing an enabling and catalytic role – giving communities the tools they need to operate independently, to tackle local challenges and building safer, stronger and more cohesive communities.

Fair terms of engagement in service delivery

Thirdly, to ensure fair terms of engagement in service delivery. I have mentioned some of the strengths of the third sector already that make you particularly good at delivering services in a way that people need, particularly people who have suffered in their lives and need tailored, bespoke support. You can reach out further than the state can, you can engage and help people in a more innovative, flexible and holistic way – not three things that a large state can easily achieve. The relationship of trust is very important here. It is clear to me that we can help those people who are often described as ‘hard to reach’ much more effectively by working in partnership.

Some people have concerns about partnership working between the state and the sector and feel that a contractual relationship inhibits the independence of the sector. It is vital that the OTS continues to work across central and local Government to make sure this doesn’t happen. When we work together there should be an equal and fair partnership between the state and the sector.

The OTS continues to work with the Commission for the Compact to uphold the principles of fairness in funding and contractual relationships between the state and the sector, and to champion this message across Government. Sometimes it can be challenging to explain why the sector’s independence is so important to other Government departments, but we can see that more departments such as the Department of Health and the Department for Children, Schools and Families are building strong relationships with the sector and recognising that they are actually integral to the achievement of their own objectives.

Conclusion and challenge

I am sure you will agree that your independence must be protected. An active, vibrant and independent third sector is central to a healthy democratic society. I hope that in the spirit of today you use your voice in helping to shape the Baring Foundation’s independence programme.

I hope that this short canter through has been helpful in giving you a flavour of the work we have been doing. It will be great to hear from you now or over the course of today, what role you feel Government should play in this debate – what more we should be doing? Or actually it may be unhelpful for Government to get involved – what are your views?

Matthew Smerdon, Deputy Director, Baring Foundation

It is important not to see independence as a negative or defensive state of separation, but rather about the positive ability of voluntary organisations in their relationships with government to pursue and secure a set of freedoms.

The freedom:

- to uphold purpose and values;
- to negotiate robustly with funders without fear of sanction; and
- to engage in public debate.

To begin, independence is important because these freedoms are simply a good thing. Beveridge, stressed the importance of 'action with a will and a life of its own.' But it goes further than this, because the freedoms of independence are of pivotal importance to voluntary action – to **what** we do, **how** we do it and **how well** we do it. Independence gives us the freedom to challenge, to be a channel for dissent and a platform for influence often in the face of statutory indifference, and in some cases active resistance.

Independence is also what we use to identify and understand needs that government **cannot** see, and may actually **choose** not to see. Then, against a backdrop of relatively standardised public services where taking risks is difficult, independence is one part of our ability to pioneer new approaches to tackling these needs. Independence is also about the freedom to work with people in ways that meet their needs irrespective of the priorities of the funding body. This may be about being innovative, but it may be much simpler, providing support to people falling outside or through statutory safety nets. Finally, some people that are wary of government, or who need support to challenge government come to voluntary organisations specifically because they are **not** government.

I'd like to note three points that are important in a debate on independence.

Firstly, that independence isn't something static that can be won and preserved. In the constant shifting of context and power it's about the ability of voluntary organisations to be aware of their independence and to cope with the threats and take advantage of the opportunities.

Secondly, that arguing for the importance of independence from government is not **anti**-government. It does not diminish the dignity of public service nor the skills and resources within the statutory sector. Now, when all the political parties agree that the voluntary sector will play a greater role in delivering public services, it is simply timely to be aware of the potential for organisations to move away from their original objectives and take on new roles, defined for them by others.

Thirdly, I particularly wanted to address the criticism that spending time thinking about independence is at best a diversion from getting on with the job and at worst rather self-indulgent. One sector chief executive recently questioned whether concerns regarding independence had any day to day relevance for service users. Well, not if you define independence as being concerned about territory, or about organisational self interest, but absolutely yes if independence is about your freedom to work with those who need your support, in ways that your experience shows is effective, maintaining trust and doing a quality job.

I am going to talk about practical work already underway that aims to protect independence. I thought it was helpful to do this with reference to some of the particular current pressures on independence.

- The continued rise of contracting which brings the risk that whilst the state provides less services, it increases its control over the incoming providers of services through funding mechanisms and accountability requirements. Meanwhile, tender processes drive costs unsustainably low and increasingly favour larger organisations.
- There is the fear that contracting limits activities outside contracts, notably advocacy and policy work either by encouraging self-censorship or by more actively suppressing this through lack of funding or actual or perceived threat of sanction.
- Then, the focus on project funding undermines organisations' ability to invest in infrastructure so that it becomes difficult for organisations to develop the systems, structures and skills to manage relationships with government.
- Organisations talk about quality systems being imposed that shape the way work is done and, even more fundamentally, impose definitions of what quality actually is. Government defining it one way, sector organisations another.
- It's worth noting here that underpinning much of these issues is an ideology – New Public Management with its assumptions that efficiency, effectiveness and value for money are best advanced through markets and competition. Turning citizens into consumers runs counter to many important principles in voluntary action such as community development and user involvement. I will be interested to hear people's thoughts today on how personalisation will impact on these issues.

We noted at the outset of the grants programme that government is not one thing, that situations differ between government departments, agencies, local authorities and even within individual local authorities. We did however note that in the course of navigating these different relationships, some voluntary organisations managed to retain their independence more effectively than others. We began to ask what are the characteristics of these organisations and what can we do, as a funder, to help other organisations to develop these characteristics?

The following then is a brief summary of action that we are seeing, some funded by the Foundation, some happening separately. In drawing up this list I've tried to stick to initiatives that are happening with direct reference to independence rather than more general initiatives to strengthen the voluntary sector.

Taking the broad theme of **funding approaches**, there is work going on to develop alternative forms of contracting, or of managing the mechanics of transferring funding from government to the sector.

One of the STVS grant recipients, Furniture Resource Centre in Liverpool is pioneering an approach to added value contracts where the social benefits of delivering services are properly acknowledged by purchasers. This could provide a useful model for the commissioning of other services.

The New Economics Foundation's work on public benefit commissioning, currently being piloted by Camden Council, and with other pilots being developed in Nottingham and Manchester around legal advice services, is trying to create a more rounded approach that harnesses the sector's skills more effectively and secures better value for money.

We enjoyed a presentation here from Gordon Murray, who designed the IDeA's training for commissioners. This was built around an excellent approach and gave us hope for the future.

The work that OTS has done on social clauses could offer potential although this has encountered challenges in formulating the social clause as a contractual requirement and secondly in measuring this at the evaluation stage.

The National Association for Voluntary and Community Action, Directory of Social Change and others have been working to reinvigorate the practice of giving grants, trying to oppose what one senior sector figure identified as an increasing “disdain” in government for the idea of grants. The campaign isn’t saying “grants good, contracts bad” but that it’s important to restore the principle that different types of funding are important.

Beneath this practical work is an increasing effort to critique the whole approach to contracting. We supported research by Child Poverty Action Group last year to explore the impact of contracting-out in employment services – it found little evidence that it improves performance, or that it saves costs, or that it encourages innovation, or that it is good for users.

What else? In terms of working outside these models, there are efforts to develop **alternative approaches to designing and delivering services**. AdviceUK has been supported by the STVS programme to tackle fears about the impact of reforms to legal aid by using a “systems thinking” approach in the design of services. The second phase of this, called BOLD, is underway in Nottingham, Manchester and Coventry. Councils in these areas are being supportive, particularly Nottingham.

In another theme – many organisations came to us saying that their priority for negotiating with government was **better evidence of needs and impact**. Several organisations received STVS grants to look at this. Barton Hill Settlement in Bristol has developed a database for capturing the various ways in which that centre meets the wide needs of the residents that use its many services. There are hopes this can be used by other community anchors to demonstrate to local authorities the value of holistic services, rather than contracts for tightly defined user groups. Birmingham Voluntary Service Council is developing impact assessment tools for its work on campaigning, advocacy, policy development and participation in strategic partnerships. Some valuable lessons here too for other organisations. The new National Performance Programme, led by Charities Evaluation Service is amongst other things, I quote “aiming to help front-line organisations to maintain their independence.” This direct connection being made with independence is very encouraging.

In terms of the issues about **who defines quality** – Action for Advocacy has very successfully developed its own quality mark scheme for advocacy groups. This neatly builds a quality mark not around following certain administrative procedures, but around the principles at the centre of advocacy organisations – independence, empowerment and so on. This gives advocacy organisations a way of demonstrating quality to local authority purchasers but in ways that are meaningful to advocacy groups. Encouragingly, the approach has been welcomed by local authority commissioners.

I was on the Advisory Panel for the 3rd edition of the Charities Evaluation Services PQASSO quality mark. We aimed particularly in that to incorporate a focus on independence in the different streams within that framework, I think quite successfully.

Under the same theme of defining quality, an STVS grant to Refugee and Migrant Justice in 2008 is supporting detailed research involving immigration advice agencies and relevant government departments on what is quality immigration advice. The hope is to make a more robust case for a higher quality approach not just for access to justice, but also because this secures better value for money.

There are also a host of ways that organisations are using more **standard organisational development** to strengthen internal systems and skills.

Management training, strategic development, relationship building. Also worth mentioning here is ACEVO's work on helping organisations to secure full costs recovery.

Looking at Capacitybuilders, no explicit link seems to have been made between organisational development and independence. Futurebuilders, meanwhile, from early on in its first incarnation, made a strong link with independence and helping organisations to stay within their mission and values.

Other organisations are focusing on **reasserting what it is they do and why**, consciously trying to reach out to others outside their immediate networks to engage, inspire and assert what it is that is distinctive and valuable about what they do. The Law Centres Federation is doing work to reassert the Law Centre model. The National Coalition for Independent Action is reflecting the anger that some in the sector have towards those in government and in the sector that they think are undermining independence, and encouraging people to resist this.

Collaboration and strengthening your position by working with others is also being tested. Coventry Law Centre and Bristol Law Centre are leading work in their respective cities on bringing together advice agencies to strengthen their internal systems and their capacity to influence their local councils. Islington Play Association used an STVS grant to bring together play organisations in that London borough to tackle a whole range of ways in which the council was undermining voluntary sector play services. This organisation also made effective use of the **Compact** and the joint work between Compact Voice and Public Law Project is interesting.

I mentioned **campaigning** as being one aspect of an independent sector. The Sheila McKechnie Foundation, NCVO's campaign effectiveness team, Scarman Trust and the City Parochial Foundation are all working to raise the profile and effectiveness of campaigning. Baroness Helena Kennedy's report on campaigning in 2007 raised a range of policy issues that were felt to be restricting campaigning activity – this led to a re-working of CC9, the Charity Commission guidance on campaigning, and put pressure on government to address the restrictions to protesting contained in the Serious Organised Crime and Police Act.

Finally, organisations are trying to reassert their work on **social policy**. The Law Centres Federation is one example.

In terms of **research and publications**, as Nicholas said, independence is a theme with a long pedigree. In more recent times, in international development, Michael Edwards and David Hulme produced their seminal book *Beyond the Magic Bullet* in 1996, on issues of independence, legitimacy, performance and accountability. They followed this up in 1997 with a closer look at independence in *NGOs, States and Donors – too close for comfort?* That book concluded that perhaps the best chance for NGOs was to become absolute experts on niche areas and use that to maximise their bargaining power with donor governments. In 2000, Julia Unwin wrote *Speaking Truth to Power*. In 2004 Ann Blackmore at NCVO produced *Working Together Standing Apart* looking at the myths and realities of voluntary sector independence. We also worked with NCVO last year to produce a simple checklist of issues for organisations, to encourage them to think more strategically about independence. In academic research, there is work on contracting, but Jane Lewis's article on independence and the meaning of partnership in 2005 is perhaps the work that focuses most specifically on independence. There has been some research, such as by Jeremy Vincent on the impact of the Compacts. The *Living Values* report produced by Community Links helped to stimulate new debate about the importance of values. The Centre for Crime and Justice Studies called its annual

lecture this year “Partners or Prisoners” looking at the independence of criminal justice organisations. And the Baring Foundation recently published seven essays on independence from government in different countries. That publication went on to inform a meeting of the Voluntary Sector Studies Network in Belfast looking at the development of voluntary action in different national contexts. Finally, Democratic Audit is an organisation that audits democracy and human rights. It runs regular research and has included a question about the state of independence. DA themselves say they’d like to explore this aspect of the audit further, which could offer potential.

It’s worth noting here that I haven’t talked about work to **develop alternative sources of income**. Developing unrestricted income is clearly helpful to preserving independence. We chose not to focus on this in the STVS grants programme, partly because it’s such a significant area in its own right, but partly because we didn’t find having unrestricted income to be a defining characteristic of independent organisations. Also, we were interested in what organisations can do to make the mechanics of the relationship with government work, irrespective of other sources of funding and so make best use of this huge opportunity.

So, to conclude, it’s important to acknowledge that some of the pressures noted here coming from government arise for good reasons – pressure on limited budgets (which is sure to intensify) and the desire to secure value for money and accountability for taxpayers. The issue is the point at which measures cross from being about enabling, encouraging and the appropriate management of public finances into measures to exert power and control. And in this, we should not disregard the weight of history that sits behind this topic. In many ways these debates reflect centuries of shifting power between state and citizen action.

Our job, through our grants programme, has been trying to increase our understanding of how to help the voluntary sector side of that power relationship to maximise the sector’s room for manoeuvre, its capacity to act, its ability to fulfil its important roles. Not because it is better than government, but because it’s different, and we disregard that fact at our peril.

Julia Unwin, Chief Executive, Joseph Rowntree Foundation

Introduction

Ten years ago in this very room, leaders of the voluntary sector gathered to share their experiences of the early months of the New Labour government. What heady days those were! Tony Blair's big tent welcomed all and sundry, and voluntary organisations which had spent at least a decade briefing an opposition, and preparing policy positions, were called to meetings at apparently the highest levels. Consultation fatigue, rather than consultation exclusion was the new concern, and even those who cherished their close links with the new government, were anxious that their carefully nurtured policy prescriptions risked being trampled – or distorted – in the reality of government decision making. Many had also experienced the pain of government asset stripping, as some of the bright stars of the sector moved into government, leaving a weakened leadership behind.

At that event the sector sought to distinguish between 'access' and 'influence,' recognising that while access to policy makers and decision makers was enormously valuable, it could not be confused with real and lasting influence. The meeting also explored the obligations on the sector to stand aside from government, challenging and questioning, and weighed these in the balance against the undoubted alternative obligations to work for social change, making alliances wherever and whenever possible, and becoming engaged in the messy business of policy making.

That event led me, indirectly, to write *Speaking Truth to Power* in 2002, and revised in 2004 (see <http://www.baringfoundation.org.uk/STTP.pdf>) and also provided the spark that eventually led to the Baring Foundation's acclaimed programme on independence.

So I need to start by congratulating the Baring Foundation for its long-term engagement with the difficult and challenging issues of independence. It is always easy to proclaim independence. It is harder to do the intellectually challenging and difficult work of understanding it, clarifying it, and making the term mean something that is both real and of value.

Today

Ten years on, independence is by no means a foregone conclusion. Indeed I would argue it is more challenged than at any time that I can recall, and yet it is much more important now than ever. For this **is** our time. As Rabbi Hillel so brilliantly put it all those years ago – 'if not now, when?' As banks fall, taking with them the trust and confidence of millions, and the political class seems to have been – temporarily I hope – entirely discredited, we face global challenges on a scale that is unprecedented. The challenge of demography, our ageing population, calls us all to a different sort of ingenuity, a different sort of innovation. So too does the challenge of climate change demand from us and our communities new inspiration, new leadership and a wholly different sort of resilience. Civil society needs now – and urgently – to take its place as organisers and promoters of social capital, not instead of the political class, and the market, but alongside it, arguing for those distinctive values of solidarity, of mutual benefit.

But this is not a technical issue. This is not about whether or not you campaign. It is most certainly not about permission to campaign. It is not about issues of commercial confidentiality. Still less is it about abstract notions of voice. This is about the inalienable right and duty of the sector to set its own course, and in the time I have available I will try to talk about why that matters, and what we need to

do to achieve it. My approach to independence is not one that lends itself to funding programmes, nor indeed is it a notion that can be underpinned by Compacts with the government. Rather it is one that is shaped by the more challenging, more difficult concepts of:

- Heresy and dissent;
- Anger and power;
- Diversity and difference.

In this approach to the independence of the whole sector, civil society is the platform for the dispossessed to howl their protest. Not a channel through which government can speak to people who are poor. In this approach, independence is not optional; not chosen; rather something that is central to mission, and without which mission can never be achieved.

Challenges

Independence is by no means unchallenged, and while these challenges are more subtle, more complex than they were in 1999 they are still real.

1. There is a view that this is an arcane debate, that the beneficiary does not care, and that independence is a luxurious concept with no meaning for those who receive services.
2. There is a view that the common good is so obviously paramount, and its nature so completely clear, that we ought to simply sink our differences, abandon our separate identities and harness all our energies to ending child poverty, or reversing climate change.
3. And there is a view that the voluntary sector is so close to the public service, so integrally linked, so focused simply on adding value rather than building social capital, that it is hard to see any distinction.

Each of these challenges is, I believe, very dangerous to the sector. Only this week we have seen London and Quadrant Housing Trust deemed by the courts to be a public body. And we have seen little groundswell of support, because, after all, 'housing associations are part of the state really, aren't they?' The very precious independence that enabled housing associations to grow, to define their own mission and to determine their own approaches has been eroded, and this court judgement reverses decades of UK government desire to describe them as independent.

I'll deal with each challenge to independence in turn.

1. The view that service users don't mind, ignores the very real and very risky innovation that a truly independent sector is able to pioneer. Voluntary bodies need to be genuinely independent of vested interests, of current government priorities, of accepted ways of doing things, to pioneer new and different ways of operating. Organisations that are captured, or owned, or allow their agenda to be dictated to by others, will not be able to embrace those wild and different ideas, and turn them into the innovative service design that characterises our sector at its best. So of course it matters to beneficiaries.
2. The identification of the common good as absorbing all difference is a risky one for our sector. The articulation of the common good is a vital role for the voluntary sector, and mediating different aspects of it is probably always going to be a central role for representative democracy, but the notion that a shared

vision of the common good allows us to sink our differences of perspective, of belief, of origin, is a dangerous one that undermines our independence.

3. And finally the description of the voluntary sector as a sector that adds value, rather than one that has intrinsic value, allows it to be seen as an adjunct, complementary to the state and therefore vulnerable to all the challenges that the state, and the market, so readily face.

These challenges are not ones that can be overcome by government fiat – they are instead ones to which we must repeatedly respond, guarding the essence of a sector that is separate from both the state and the market – and not better, just different.

Joseph Rowntree Foundation

The Joseph Rowntree Foundation (JRF), and its sister organisation the Joseph Rowntree Housing Trust, the two organisations that I am privileged to lead, has as its first core value, enshrined in its statement of purpose, the assertion of independence. Why does this matter so much? Is it not simply a happy by product of our endowment that keeps us literally independent? I think it is much more than that. I think our independence matters because it means that our evidence base is secure. Robust evidence, impartially commissioned, that is owned by no sector, or no set of vested interests is a powerful platform on which to influence. So too is a practice base in a housing association that sets its own course, that tries not to be swayed by fashionable nostrums but is instead able to develop new approaches, try things that fail, as well as things that succeed. But together these two organisations with a shared purpose – to search, to demonstrate, in order to influence – rely on independence for effectiveness and impact. Without independence the purpose of the organisation would not be realised. And in each of these functions independence is imperilled.

Searching for evidence can be done in a way that constrains findings, can be based on assumptions, and can be done in a way which pre determines outcomes. *Demonstrating solutions* can be captured by regulators, overly influenced by the experience of others, and done in a way that does not focus on mission. Protecting independence provides the most secure platform for *lasting credible influence*.

What independence is not

But we need to be clear about what independence is not:

- It is not detached. I describe JRF as independent but not neutral, and true independence allows you to get your hands dirty, to get involved explicitly in shaping policy, in challenging discussion. Independent organisations, just like independent people, make good partners. They may fight well, but they can also plan well, share properly and work together. Independent voluntary organisations can be passionate advocates, they are never passive scrutineers.
- It is not static. Independent organisations are up to date, they are not followers of fashion. They recognise that the common good is contested territory. They know that there is rarely a single truth, and never a single way, and they will be willing to rearrange, reshape, re-imagine. And critically it is not remote. Independent organisations are well connected. They understand the environment acutely, they pay attention to what is happening, and then they set their course.
- But finally independence is not about campaigning. I have been very struck by the way so many presentations today assumed that the right to campaign is somehow a guarantee of independence. I would argue that voluntary

organisations have an absolute obligation to articulate the views of their service users, and amplify that experience to the highest places in the lands. If that is campaigning, so be it. But the truly independent sector knows that it is in services that you provide, in the activities you engage with, that true independence lies.

What is needed to protect independence

Mission

A strong trustee board, obsessively focused on mission, owing nothing to anyone, in the words of the great Archbishop Templeton 'unpurchaseable', with absolute clarity of purpose will protect independence better than any statement of intent.

Money

But money helps too. Virginia Woolf said that for a woman to be independent she needed money of her own as well as a room of her own. Voluntary organisations need money of their own – whether money they earn, or money they are given – but they also need an attitude to money that recognises that it is a tool for mission, not the only thing. A strong balance sheet can aid independence, but never guarantee it, but so too can be the willingness to take decisions, and then find the cash. (But don't fondly imagine that grant funding guaranteed independence in the way that contracting does not. Grant funding was capricious and unaccountable. It was given and taken away. It was no more a guarantee of independence than any other form of funding.)

Mandate

Certainty about the source of the mandate seems to me to be central to this challenge. We need to understand the distinction between the democratic mandate – which is vital – and the charity mandate which may come from the evidence, or may come from the service user experience, but does not come from the views of staff, or ill informed conjecture. As the late great Sheila McKechnie used to growl at Shelter – 'I am trying to run a campaign for the homeless, not a home for the campaignless.' 24 hour media, and rapid rebuttal supported politicians will exploit any uncertainty about mandate. My experience at the Food Standards Agency, the government created body set up after the disaster that was BSE and salmonella, taught me so much about the power of an organisation with an independent board, a commitment to make decisions publicly, clarity about the role of experts and stakeholders – and a mandate that was clear and uncontested. The fact that it was a government department did not, it seems to me imperil that particular body's independence, and in preserving that independence, public confidence was measurably enhanced.

I have argued that independence has a value, that it underpins effectiveness, and that it is regularly threatened. Some of the threat is self generated. Self censorship is an important and easy way to undermine independence, just as failing to protect or understand the mandate, and allowing mission to be dominated by money are all ways that voluntary organisations routinely undermine their own independence.

But government too has a role to play.

What can government do better?

- It can see civil society as valuable in its own right – as a promoter of change and a developer of social capital. It can start to define the voluntary sector as something other than that which it funds, and in so doing recognise the mission, re-think the money, and honour the mandate.
- It can recognise that the Charity Commission, as the guardians of the charity framework, is itself independent, and uses its regulatory muscle to reassert this value.
- But mainly it needs to recognise that the assertion of the common good, does not require consistent common action. The big tent could be pretty stifling, and in our highly complex societies, politicians need to make tough and difficult decisions. Voluntary organisations will express messy, divided, and contradictory views – that is their right, just as it is the state's right, and duty, to hear those voices and then take action.

In *Speaking Truth to Power* I argued that it was not a question of whether or not charities should speak up. Failure to do so, I argued, was a betrayal of mission and of those whose needs must be met. But now, 10 years on, I would say that the world has changed. There are many truths, and there are many seats of power. Strong civil society, with independence as its organising principle, is the only way in which we can achieve social change, and rebuild trust and confidence which is at the heart of social capital. That will be messy, disorganised and contradictory. But the prize is immense.

Strengthening the Voluntary Sector

STVS working paper series

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