



***A stronger society, voluntary action
in the 21st century, a policy Green
Paper by the Conservatives***

An initial response

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Introduction

On 2nd June 2008 the Conservative Party launched a Green Paper, *A stronger society, voluntary action into the 21st century*. The paper sets out a range of proposals on which they are seeking the views of the sector.

There is no formal time frame for this consultation. However NCVO, on behalf of its members, intends to respond in detail to the proposals in the autumn. We will also be maintaining an ongoing dialogue to help inform and influence the development of several of these key policy areas.

This briefing paper:

- outlines the proposals in a number of key areas,
- provides an initial reaction to the proposals, and
- identifies issues on which we may have concerns, or where we may have alternative or additional proposals.

We welcome the views of members on the Green Paper in total or on the specific issues discussed below to help inform our response. If you want to discuss the issues raised in this paper, send in comments, or find out more about our work to inform and influence the development of these proposals, please contact Ann Blackmore on 020 7520 2477 or email ann.blackmore@ncvo-vol.org.uk

Overview

We welcome the publication of this Green Paper, which demonstrates an understanding of the importance of civil society to healthy, thriving communities, and the important role that voluntary and community organisations, social enterprise, co-ops and mutuals play within civil society. We are also pleased that the paper recognises the importance of the sector's independence from government, and the role of proper funding and partnerships with government, but also volunteering and philanthropy to help ensure the sector's independence.

In many respects the issues identified in the paper and the proposals it makes reflect or continue the existing policy agenda – for example with regard to improving contracting practice, or reforming giftaid. However these statements and commitments to the sector and its value within society are important.

There are a number of areas where we would like to work with the Conservatives to help further develop their thinking, and a few issues which have not been directly addressed that we believe it would be helpful to cover. Although the paper talks of the role of the sector being about more than simply public service delivery, we are concerned that there is no explicit recognition of the vital role that VCOs play in campaigning and advocacy. A key element of our independence is the ability of VCOs to speak out in issues that matter to the individuals and communities they represent, and where necessary to campaign and lobby for change. Conservative policy has always been to support the right of VCOs to campaign within the law. Given that concerns have been raised around this issue, it would be helpful for this position to be reiterated.

The Green Paper seeks to ensure that the political and funding environment supports and encourages small, locally based organisations. These groups make up the vast majority of our sector and it is right that their work should be properly valued and supported. However it is

important not to create artificial distinctions between different parts of the sector or different sizes of organisation. Large national charities and small local groups, and all those in between, play a crucial role in the lives of individuals and communities. We depend on both skilled professional staff and committed volunteers.

The real test will be whether these proposals translate into real action. In some cases they can be nothing more than proposals until a Conservative government is returned. However in a number of key areas – particularly in relation to local partnership working, grant funding and commissioning and procuring public services – these changes can be implemented by local authorities. We would therefore be interested to find out from VCOs how their authority intends to respond.

The Conservatives will, of course, be developing a range of policy proposals in the run up to the next election. Obvious issues where there may be overlap (or indeed conflict) are in relation to local government, education or health. It will be important to understand how the proposals and commitments in this paper fit with other policy objectives and priorities.

Giving

The paper discusses the importance of giving: it provides an important source of independent income to VCOs, often particularly for smaller organisations; and giving demonstrates (and arguably strengthens) engaged citizenship. However the paper also recognises that there are a small number of generous donors, and many low level or infrequent donors. The paper makes two proposals:

- To consider the potential for creating a social norm for giving, suggesting 1% of gross earnings;
- Simplifying giftaid.

Whilst the idea of a social norm is interesting, it may be hard to achieve in practice. Nevertheless we will be interested in exploring this idea further.

In September 2007 NCVO responded to the Treasury's consultation on reform of giftaid. We put forward, with others in the sector, a number of proposals to help simplify the system. The Government have announced their intention to take forward some, but not all of these proposals. We agree with the Green Paper, that the link between the rate of income tax and giftaid should be maintained, but will be exploring with them the scope to take forward other proposals, such as using a composite rate for giftaid.

Whilst reform of giftaid should provide more resources for charities, it is unlikely to increase levels of giving. We are interested in exploring more widely how to encourage, or possibly incentivise giving. We believe it is important to focus attention in two directions:

- To increase participation in giving, so that it becomes a widespread act of citizenship;
- To review how to work more effectively with potential wealthy donors.

The Green Paper only addressed the issue of individual giving. But creating a culture of giving and a norm for giving can and should apply to business as much as it does to individuals. We will encourage the Conservatives to give greater thought to the role of business in corporate

social responsibility and in providing support to people and communities by working with and through voluntary and community organisations.

Grant funding

Grants have always been an important part of the funding mix for VCOs. We therefore welcome the commitment in the Green Paper to ensuring that grants continue to be used where appropriate, and to ensuring that statutory funders understand the difference between grant and contract funding. Many of the proposals – for using the appropriate method of funding, for longer term grants, and for less prescriptive grants – reflect current policy. The issue is to ensure that such policy commitments are turned into practice.

In most cases it will be for local statutory agencies to achieve these changes. We agree with the Green Paper, that central control over funding and priorities impacts on local authorities. We also support the intention to allow local authorities and local communities greater control over determining local spending priorities. Nevertheless we believe that there is scope for local authorities to act immediately on these commitments in future funding.

Lottery Funding

NCVO has consistently argued that three principles should underpin lottery funding: independence, additionality and sustainability. We therefore welcome the Green Paper's explicit support for the first two of these principles. We have also achieved important commitments from government that 60-70% of Big Lottery Fund monies go to voluntary and community organisations. We therefore welcome the Conservative commitment to protect the share that the sector gets from the lottery. And we also welcome their commitment, reinforcing the commitment of the Government, that there should be no further raids on the lottery to help fund the 2012 Olympics.

The Big Lottery Fund has been an important funder of voluntary and community organisations, and is a widely respected funder. We will be interested to see further details for the proposed replacement body, the Voluntary Action Lottery Fund and would want to be involved in the development of such proposals.

Capacity building

The report argues that the Government's investment in capacity building, through the Changeup programme and Capacitybuilders has been ineffective. Nevertheless the report recognises that voluntary and community organisations can and do benefit from investment in capacity building.

NCVO has consistently argued for the need for properly resourced and focussed capacity building support that is driven by the needs of the sector, rather than by government priorities. We undertook extensive consultation with our members in order to present proposals to the Home Office to help them determine how best to make use of these resources. The recommendations from that consultation with our members still hold true.

We are keen to work with the Conservatives, using experience from our members, and from our role in delivering a wide range of capacity building services, to ensure that a high quality and sustainable level of support is provided to the sector. We believe that it will be important to work with, not to destabilise, existing infrastructure support, particularly at the local level.

Social enterprise

The Green Paper identifies an important role for social enterprise activity in local communities, particularly in areas where business traditionally does not invest.

We welcome the fact that the Conservatives have indicated their support for a Social Investment Bank, proposed by the Commission on Unclaimed Assets. We have long supported the SIB. However it is important that it has access to sufficient funds. This will require full commitment to the wider proposals relating to dormant accounts and the transfer of unclaimed assets for community benefit. Thought should also be given to ensuring adequate collaboration between the SIB and existing government social investment funds.

We are interested in the proposal to introduce social innovation audits, to ensure that when contracting for a service the full range of social, environmental and economic benefits can be taken into account. However we caution against a process that seeks to identify what the voluntary sector as a whole does better than the public sector. Across all three sectors (voluntary and community, public, and private) there are individual organisations that perform well and provide a range of benefits, and others that perform less well. Assessments should therefore be made about the performance of individual organisations (and contracts) not on the basis of the sector they form part of. To this end, the proposal that the National Audit Office and the Audit Commission should seek to identify promising and replicable examples of innovative service provision may be more productive: although again this review should be focused on all three sectors and not just social enterprises.

Public service delivery

NCVO has always argued that VCOs can and do play an important role in public service delivery, and that where VCOs want to take on these roles they should be enabled to do so. But equally we have argued that government should continue to value and support VCOs who do not deliver public services.

We therefore welcome the statements in the Green Paper recognising that the sector can help transform public services, but that the independence of VCOs must be respected within any funding relationship. The commitments to paying a fair price for contracts (which may include a return on investment, or profit), and to longer term contracts are also welcome.

We have also argued that the transformation of public services can only be achieved by adopting new approaches to commissioning, with a focus on outcomes, a more mature approach to risk to enable innovation, and ensuring that contracts do not preclude smaller and local groups from bidding. We therefore welcome the commitments to adopt all of these approaches in contracting.

Changing government

NCVO had successfully argued for the creation of an office with responsibility for voluntary and community sector issues at the heart of government. We therefore welcome the commitment in the Green Paper that this focus, with a specific Ministerial lead, will remain. We believe that there are benefits in shifting to a focus on civil society organisations, and also that it should be the role of a government department to be the Office **for** Civil Society, not **of**.

It is not clear at present to what extent the remit of the proposed OCS would differ from the Office of the Third Sector: we will want to discuss this further over the coming months.

The Compact has been key in strengthening and improving relationships between government and the voluntary and community sector. We recognise that government compliance with the principles and codes of the Compact is variable, and that as a result some have argued that either the Commissioner or the Compact itself should be given legal powers. There is merit in exploring these ideas further. But this must be done in partnership with the sector: it is important to remember that the Compact is a shared agreement.

We welcome the Green Paper's support for a joint civil society select committee. NCVO has long argued the need for such a body.

Policy Team
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