

## NPC's response to the Labour Party consultation

### About NPC

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. It is driven by the values and mission of the charity sector, to which it brings the rigour, clarity and analysis needed to better achieve the outcomes we all seek. It also shares the motivations and passion of funders, to which it brings its expertise, experience and track record of success. [www.thinkNPC.org](http://www.thinkNPC.org).

### Introduction

The charity sector has a vital role to play in the achievement of a dynamic, pluralistic society. Recent discussion of charity campaigning rights has underlined the expertise it brings to public policy debates and the passion it has for sometimes forgotten areas of suffering and deprivation. Society as a whole would be immeasurably weaker without it.

The voluntary sector also comprises a very large section of today's economy; more than 160,000 organisations employ over 700,000 people, with a combined annual income of £60bn.

NPC welcomes the Labour Party's consultation on building on the sector's potential so it can have the greatest possible impact on the people who turn to it for support. The goal of any future government should be to help shape a sustainable, expert charity sector, and NPC will be pleased to work alongside ministers and officials to make this happen. Greater transparency in the way that charities operate is a crucial part of commanding public support for their work, as NPC made clear in submissions to the Charity Commission earlier this year—although the voluntary sector should not be required to meet demands not made of the public and private sector.

We have not answered questions proposed in the consultation that go beyond NPC's experience and knowledge. Instead, we have organised our response under three main headings, each suggested in the original consultation and covering key areas of NPC's expertise: the commissioning environment; support for charities interested in measuring and improving the impact of their work; and the future of charity volunteering.

### The commissioning environment

In July, the shadow minister with responsibility for social enterprise, Chi Onwurah, suggested that a Labour government could introduce three-year commissioning contracts exclusively open to bids from the charity sector. While NPC believes charities should be given the opportunity to win contracts, guaranteeing them market share is the wrong approach to take.

It is essential that charities and not-for-profit organisations maintain a role in delivering public services, even though this will not be a desirable or sustainable option for many. Yet without reform of contract design, the

bidding process and feedback systems, it will remain extremely difficult for charities interested in this area to maximise their potential.

Greater involvement in contract design through lobbying and consultation may be one way to enable charities to become more effective providers. At present, charities have too little say in this area, with the result that many feel they are prevented from delivering services to the standard they want. Some charities have even been forced to close as a consequence of financial pressures incurred through their commitment to the Work Programme. Plans for charity involvement in the Transforming Rehabilitation programme remain unclear. If contracts limit the way that services can be delivered, as is too often the case at present, it is difficult to see how commissioning exclusively to charities will guarantee greater benefit to service-users.

*As an alternative, NPC believes that the next government should aim to design contracts in a way that attracts more competitive bids from the charity sector, with the target of awarding a minimum of 10% of new contracts to charities and not-for-profit organisations as the prime provider.*

Such a redesign might include longer-term contracts, greater time for commissioners and interested parties to liaise in the pre-procurement phase, and a more sensible design of payment-by-results contracts so that charities providing services to a prime contractor are not landed with the greatest risk for the least stable income as a result.

To scrutinise these changes, NPC believes that commissioners should be required to publish a report annually that shows:

- data on the percentage of contracts going to charities, and the number acting as prime contractors; and
- what steps they are taking in service and contract design to ensure that at least 10% of contracts are being granted to the charity sector.

The Public Accounts Committee would audit the information in these reports and respond through their own published report.

The 10% target we propose would bring two immediate benefits to the commissioning system. Where charities have resources that make them particularly well-suited to providing a service—a network and high levels of trust in a local area, for example—contracts should be designed to ensure that they have a fair chance of delivering that service. The target would also create a benchmark against which to measure the quality of services delivered by charities against those delivered by other providers, so that future commissioning decisions are informed by more robust and reliable data.

However, a 10% target must not become a maximum. Indeed, in some areas, where the charity sector is already a major supplier, we would expect to see a much higher percentage.

## **Measuring and improving charity impact**

NPC is committed to helping charities have the greatest possible impact—an aim that represents the interests of charities, beneficiaries, and private and public funders alike. Any future government should look at different ways to support charities as they seek to achieve this.

- *Give impact a greater role in the Big Lottery Fund (BIG)*

The Big Lottery Fund has an influential role in funding and shaping the direction of the charity sector. We would recommend that any future government works with BIG to prioritise improving the understanding and practice of impact measurement.

For example, BIG should be encouraged to disseminate findings from its large, strategic projects with charities and other funders. BIG enjoys a positive influence and it should use this position to share information across the sector about what works—and what does not—and to advocate for these programmes to become a part of what the mainstream commissions.

On the smaller, local grants side, BIG can do more to understand social capital, and which interventions seem to be working to create decent communities. Opening up this information and sharing the data with researchers could make a substantial difference to the quality of work undertaken throughout the sector. BIG also has its ear to the ground through its breadth of activity, and should be encouraged to publish any concerns about problems and patterns that emerge (for example, around concentrations of poverty). In addition, the Big Lottery Fund should finance well-run and effective charities that can demonstrate their impact. For those charities suited to scaling up, this would help them compete for public service contracts with private sector organisations, thereby better ensuring that they can be in a position to compete for prime commissioning contracts in the future.

- *Support for small charities*

Research shows that small charities are less likely to integrate impact measurement in their work—almost 50% of charities with an annual income below £100,000 do not measure impact at all, compared with 25% across the whole sector. They are also more likely to feel under too much pressure to measure their results, in part a function of the financial and technical barriers they face. A future government has a role to play here in advancing policy and supporting infrastructure for impact measurement, and facilitating but not imposing shared outcome frameworks. It could look, for example, to the work of the Inspiring Impact programme—conducted by the Cabinet Office, NPC and other partners—to build accessible impact measurement tools and encourage leadership in the sector on maximising the impact of charities' work.

Government should also reinforce its open data policies by sharing relevant experience, skills and expertise more broadly with the sector. Government can improve practice—focusing on the critical role that commissioning plays in today's charity sector, as described above—and can live up to the standards it sets for others by ensuring that evaluations of its programmes are carried out and published.

## **The future of charity volunteering**

Volunteering is enormously beneficial for the individuals involved, and for the organisations and communities that it serves. It is also a vital part of the texture of life in the UK.

Future governments may be tempted to see volunteering as the easy answer to problems of declining funds and increasing pressure on services. However, volunteering is not without its costs and limitations; nor should it be taken for granted. The most recent data from the Cabinet Office indicates that rates of volunteering in the UK are falling.

NPC, working with ILC-UK, established the Commission on the Voluntary Sector & Ageing in 2013, and in August 2014, we published *A better offer*, a research paper on volunteering and our changing society. The recommendations below are drawn from this paper.

- *Any future government should be wary of expecting volunteers to cover work normally provided by paid public sector staff*

Over the past decade, the state has reduced the number of local services it provides, while commissioning charities to deliver more. The voluntary sector has assumed this frontline role by providing services once run by local authorities (youth clubs, parks, museums, libraries and many more), to the point where funding from local and national government now accounts for a third of charity income. Volunteers have also increasingly given their time to charities that deliver public contracts, thereby 'subsidising' the state. This shift in the

provision of public services is unlikely to reverse; indeed, we expect to see further public services contracted out to the voluntary sector in the years to come.

Volunteers are concerned about this relatively new situation, and are particularly wary of being asked to deliver services previously run by local councils and carried out by paid staff. This scepticism became even more pronounced when the reform of public services became linked, rightly or wrongly, to the Big Society concept, whose image now seems so sullied that some volunteers want nothing to do with it. As one lifelong volunteer said at a focus group organised by NPC: *'The Big Society—that could put people off volunteering.'*

- *The language of 'volunteering' may need to change*

If the next government is to harness the potential of the UK's volunteers, it will need to recognise and respond to a wider image problem associated with volunteering. Some people told NPC that, for all the hours they give to good causes, they do not view their activities as volunteering, a term they feel carries unhelpful associations of being a 'do-gooder'. Instead they see their role as one of 'helping out' at the local nursery, allotment or pool. For them, the corporate language around some volunteering is a disincentive to join in. Future planning by government may want to consider the example of a network of 'good community champions' created by one charity—local people who volunteer to support their neighbours—which is successful precisely because it avoids the term 'volunteering' and some of its connotations.

- *Problems of compulsory volunteering*

Existing volunteers also express concern at the emerging trend of 'compulsory volunteering'. The move by the Department of Work and Pensions to force the unemployed to work without pay has clearly hit a nerve with many who choose freely to give their time. The concept of 'property guardians', who complete 16 volunteer hours a week in return for subsidised rent, prompts similar ethical questions. While the public debate around these initiatives has mainly focused on what it means for the people required to work for free, there is also apprehension that a more transactional approach to volunteering will undermine the altruistic motivations of traditional volunteers and ultimately discourage their participation.

- *Issues around employee volunteering*

A future government could play a facilitating role in the relationship between charities and corporate volunteering. While corporate volunteering is on the rise, there is limited evidence to suggest that this sort of volunteering brings all the benefits to a charity that it could. For example, is a lawyer's volunteer time best used painting a pavilion or providing pro-bono expert advice to a charity in need of it?

Given the appetite for corporate volunteering, the government can work with business and charity leaders to maximise benefits to the charities and their beneficiaries, and to measure the social impact of volunteering work in the UK.

Some firms already set a good example on this, with corporate expertise joined to local experts who know what charities need. For example, the partnership between the Macquarie Bank and the Cripplegate Foundation ensures that local needs and employee skills are understood and matched, with feedback received from the charity on the value of the support. Others, such as John Lewis and the Big Four accountancy firms, are reviewing their programmes and redesigning them to increase their charitable impact. Government can play a part in encouraging more such programmes and partnerships in the future.

- *National Citizen Service (NCS)*

The National Citizen Service is an ambitious programme that has been running for a few years now. NPC was involved in some of the evaluation work of the pilot programme. While the most recent evaluation report suggests it is going well, it is an expensive programme and we think that any future government should look closely at whether: the benefits claimed by participants over the short run are sustained and lead to positive longer-term outcomes, including more volunteering; it has had a detrimental effect on other volunteering activities and organisations; and which types of NCS providers are doing the best job.

We also believe that consideration should be given to measuring more clearly the well-being of participants, using a tool like the Wellbeing measure developed by NPC. This is designed for young people up to the age of 16 and offers a simple and robust way of measuring their self-esteem, resilience and overall satisfaction with life. Charities such as The Outward Bound Trust, Beatbullying and The Place2Be have already benefitted from using it. The same tool can be used to measure and improve the impact of the National Citizenship Service. If the National Citizen Service is going to work in the long term, it must demonstrate that it is a success; understanding its impact on the well-being of young people is the place to start.