

# REASONS TO BE CHEERFUL

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## The new political climate means anything is possible

All times are tough for the social sector; and so they should be. Charities don't have a right to exist and we thrive on the tension that comes from living on the edge (I can say this now I'm no longer in daily charge of a charity). But with cuts to the parts of the public sector where we rely the most—especially local authorities, which have lost 40% of their budgets since 2010—charities are squealing more sharply than usual. Brexit sours the mood further: many people who work in our sector associate the European Union with the principles of tolerance, generosity and openness, and feel they are working in a more hostile climate now.

Maybe because it's a glorious summer day as I write this but I am hugely excited about the potential for our sector at this time. Brexit may well have direct negative consequences for charities. But there are offsetting opportunities too—not least the opportunity to reform VAT (which cannot be touched while we're in the EU) to enable charities to claim back a lot more tax. Even better, we can end the EU procurement rule which says public commissioners can't have a preference for non-profit suppliers. The opportunity is right there for the government to create a vast new market for charity-delivered services.

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Austerity is extremely painful. But we should remember that every pound lost to the social sector is one saved for the core functions of the state—which is increasingly only capable of providing acute, reactive support. We are the first line of defence against cuts, which would otherwise fall even harder on the services that simply have to exist: health, children's care, justice. The undoubted crisis in these sectors would be much worse if charities, and other services, didn't take a bigger hit.

But we are also the first line of attack against social injustice: without a large, strong charity sector Britain will never push back the perennial problems that can only be properly fixed by the work of independent social action. And that's why these times, tough as they are, are such an important moment. The shrinking of the state is the opportunity for the social sector to grow—perhaps even to grow back to something of the scale and vitality it had before the state colonised its functions.

The real value of Brexit isn't the opportunity it brings for the UK government to set new tax and procurement rules for our sector. It's the change in the weather: we are now in a political climate in which everything is possible. In retrospect the Brown and Cameron years were a frozen era, shocked by the economic crash and with the cause of reform sullied by all the frenetic upheavals of the Blair government. Only in two parts of government, education and welfare, were any major changes undertaken by the Coalition. Now, though, we have a new government – weakened by a bad election, to be sure, and distracted by Brexit, but nevertheless committed to social reform.

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The Conservatives say they are committed to addressing *'burning injustices'* and also to ending *'the cult of selfish individualism'*, as their manifesto puts it; but they are not able, or willing, to do so by rebuilding the mighty state

erected (on borrowed money) by Gordon Brown. What else can they do but strengthen civil society, the true answer to injustice and the counter to selfishness?

## Charities can harness this opportunity, applying age-old values to modern problems...

One glory of our sector is the way it can be so old and new at the same time. There is nothing modern about care and compassion, or even enterprise and innovation—these are the principles that people have brought to the task of institutionalising social solidarity since history began. But modernity comes round again to old ideas and reframes them for today. The buzzwords of our time—collective impact, social investment, strength-based working—are coming together to create a new energy for civil society to rise to the challenges of austerity and social breakdown. The current fashion for focusing on ‘place’ combines the ancient and the modern: all charity was local once, but now we can leverage mighty assets (data, finance, expertise), themselves the products of our globalised world, to exert massive power on a single neighbourhood.

But we must remember the real asset—the impulse in ordinary people, rich and poor, to do the right thing by their neighbours. This is already the great, rarely acknowledged resource which our society relies upon. The Office for National Statistics estimates the value of unpaid work in homes and communities to be equivalent to that of the formal economy: voluntary action is the same size as GDP. Fully maximising this—and all the latent social capital that isn't being realised yet—is the mission for our times.

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## ...but 3 things are needed to make this happen

What is needed for the revolution? I hope the government will seize the opportunities of Brexit and respond to the imperative of the crisis in the public sector. I hope it supports charities to take a greater role in service provision and to deliver even more independent, unmandated social action. But there are three major changes that charities themselves can tackle, if donors and commissioners will help them.

The first is a familiar one: **we need to create greater capacity in charities to deliver services**, under contract to government and in collaboration with each other and with the public sector. This usually means management capacity, to bid for and manage contracts. But beneath and above this, what's really needed is greater professionalism.

Sympathise with your charity boss, who is often only in the role because he or she felt an urgent need to ‘do something’ about a social problem—people rarely join a charity because they want to apply their skills as managers. This is a polite way of saying that charity leaders are not always the best leaders; I speak personally, having been one. And then the personal failings of the boss are compounded by those of everyone else: the chaotic beneficiaries, the eccentric donors, and the flaky staff who think a good day's work consists of some earnest conversations interspersed with tea breaks, and perhaps one difficult interaction with a service user that justifies an early train home and a sickie tomorrow.

Some charities are content to play a niche role in their communities; for them the offer of ‘capacity building’ is a confusing distraction. But many would like to be bigger and more mainstream, less of a poor relation at the feast of civic life and more the chef, host and toastmaster.

If charities want to play the full role they could, everyone who leads, funds and works for them needs to get with the programme. No longer should it be OK for good intentions to obviate good processes, or staff (no matter how kind-hearted and ‘authentic’) to adapt the service to their own convenience. Organisations working in the front line of social need must work deliberately to stop the chaos of their client group, and the eccentricity of their donor base, seeping into their operations.

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Second, **we need to create a new breed of infrastructure organisation** to help charities collaborate effectively, commissioners and donors to achieve a sustained and strategic impact, and beneficiaries to navigate the help and opportunities that the system offers. CVSs often perform a good job as the trade association for local charities. What’s needed as well are organisations that exist for beneficiaries and commissioners, not for the charities. They can agree funding commitments—ideally with the same reporting requirements—from multiple commissioners, manage a shared data platform and support beneficiaries and staff to navigate the network.

Third, **we need philosophical alignment**. This is where things get political; though perhaps the controversy will not be as great as it might be. Deep down everyone agrees we need a bigger society; that this means less ‘selfish individualism’ but also less state control; and that the critical need is for people to do the right thing. Our job in the social sector, just as in the public sector, is to call the responsible adult out of the addict, the offender, or the young person seeking their way ahead.

This doesn’t mean the whole social sector signing up to a new doctrine of personal and social responsibility. But it does mean that when a collaboration is convened, all the participants are aligned philosophically about where the line between helping a beneficiary and facilitating his or her sense of victimhood is drawn.

[This essay is part of a series on transformation from the boldest voices in the sector.](#)



### About the author

Danny Kruger is a senior fellow at the Legatum Institute. He is the founder of the charities Only Connect (working with prisoners) and the West London Zone (working with children and young people). Prior to his charity work he was chief speechwriter to David Cameron. He was awarded an MBE for services to charity in 2017.

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**Increasing the impact of funders:** NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

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