

FOUR IDEAS TO STRENGTHEN CIVIL SOCIETY: NPC'S OPEN LETTER TO THE NEXT UK GOVERNMENT

Dan Corry, May 2017

Four ideas to strengthen civil society: NPC's open letter to the next UK government

The next government will have to make a success of leaving the European Union and tackle some of the underlying social challenges our society faces, from demographic changes to a digital revolution.

To excel in this new environment the whole country needs to work together. At NPC we believe civil society is a key part of British society, as we outlined in [a recent provocation pamphlet](#) on putting civil society at the centre of policymaking.¹ At their best, charities play an important role in bringing communities together to achieve social change, delivering effective public services, and providing expertise on—and giving voice to—the causes and beneficiaries they exist to serve. The sector must be an important partner for the next government as they seek to shape a new country.

At NPC we think there are four key levers the next government can use to help the sector achieve greater impact for communities up and down the country:

1. Put civil society at the heart of government

The next government should make the Minister for Civil Society a Cabinet level position and move the Office of Civil Society back into a cross-cutting department such as the Cabinet Office.

Charities work across all areas of policy. This needs to be reflected in government in order to support civil society to have the greatest impact it can. Enacting these recommendations would make certain that there is a voice for civil society at the heart of government, ensuring that the critical contribution charities can make is not lost in policy decisions.

2. Focus regulation on impact

The next government should ensure the Charity Commission make reporting on an organisation's impact a formal responsibility of equal importance to its financial position.

Driving impact in a changing world requires strong sector leaders. While the independence of the sector is important we believe the next government has a role in facilitating this through better regulation of charity trustees. Cases like Kids Company showed just how essential effective governance is. The sector has responded to many of the criticisms that have emerged. However, the current focus of regulation remains almost purely on financial stability, and organisational survival. If charities and the wider civil society sector are to work in new ways to deliver greater impact, regulation must encourage a greater focus on the impact delivered. Enacting this recommendation would ensure trustees pay greater heed to the mission of the organisation and the difference they are trying to make, rather than just how to keep the show on the road.

The next government should create a requirement for grant-making trusts to publish the reasoning behind their payout ratio.

For charitable foundations ensuring charity trustees focus on the impact their organisation delivers for their cause or beneficiaries should extend to greater transparency around pay-out ratios. It is right that the balance between preserving capital versus providing grants remains a matter for foundation boards, rather than introducing a fixed pay-out ratio as adopted in the United States. But a more transparent system would encourage trustees to have the conversation about whether they are paying out the right amount.

¹ Corry, D. and Stoker, G. *The 'Shared Society' needs a strong civil society: A progressive agenda for change.* <http://www.thinknpc.org/publications/the-shared-society-needs-a-strong-civil-society/>. New Philanthropy Capital. April 2017.

3. Target funding on impact

The next government should take the opportunity of leaving the EU to look again at procurement regulations and the Social Value Act, with a view to ensuring that public sector contracts are awarded on the basis of the impact that can be delivered within a cost envelope, rather than the lowest cost.

The government at a national and local level already provides around £15bn to charities every year.² It is crucial that this money is spent as effectively as possible, and achieves the desired impact. Much of this money is delivered to the sector through contracts. As we outlined in [our response to the Lords Select Committee on Charities](#),³ the commissioning process at central and local level is problematic for many charities. Enacting this recommendation would provide a level playing field for competition.

The next government should ensure grants are channelled to those organisations that can demonstrate their impact.

More broadly it is important to consider where other resources can be channelled in a way that prioritises impact. This should include grants raised through exceptional circumstances such as the money from Libor fines awarded to armed forces charities, or the £10m a year raised from the VAT on sanitary products. The government plays an important leadership role—where government sets the agenda others will follow.

The next government should consider reviewing the existing tax breaks available to the sector on a revenue-neutral basis to ensure this resource is channelled effectively. Any review must include strong representation from the sector.

The charity sector benefits from a range of tax breaks. However these reliefs have grown up over time and thus may not be configured collectively in the way that would derive the greatest impact overall.

Taken together these measures on funding would help to make sure the public's money makes the biggest difference it can.

The next government should investigate setting a targeted social infrastructure fund using some of the funding uncovered by the Dormant Assets Commission.

As policymaking moves closer to communities through the devolution agenda, government should consider how best to support the crucial role charities play in communities where social capital is less visible. There are a variety of ways this could be done, but using some targeted funding from the Dormant Assets Commission is one way redressing the imbalance of social capital across the country could be achieved.

4. Open up administrative data to enable more understanding of impact

The next government should extend the successful Ministry of Justice Data Lab model to health, employment, and education.

Data is an incredibly valuable resource in an increasing digital world. Accurate large-scale data can help transform interventions, enabling charities and others to target services more effectively, and build a greater knowledge of what works. The government has access to huge amounts of administrative data and we believe currently it is not being put to its full use. Our work with the Ministry of Justice led to the creation of the Justice Data Lab which allows charities to submit information about their own interventions, link this with administrative data on reoffending and in doing so see their impact in comparison to a control group. Crucially this approach means no sensitive confidential information has to be shared outside of government, protecting the privacy of

² NCVO Almanac 2017 <https://data.ncvo.org.uk>

³ Murray, P. *NPC response the Lords Select Committee on Charities' review*. <http://www.thinknpc.org/publications/npc-response-select-committee-on-charities/>. New Philanthropy Capital. October 2016.

people using services. The Justice Data Lab as of April 2017 been used for analysis 148 times by charities, and public and private sector providers.

As we outlined in [our recent letter to Jeremy Hunt](#)⁴ co-signed by 24 major health charities, we believe the Data Labs should be extended to other areas of the public sector such as the NHS. There is great potential too to use this approach in employment and education. Opening up government administrative data in this way would ensure greater value for money and better outcomes for the people who use services, whilst protecting confidentiality.

In summary, the next government will need to be bold and radical to tackle all the challenges our country faces. To be successful, it will need charities to be a key partner in building a new country. Our message is that the sector is ready and willing to help, but that the next government can make some long lasting changes that would enable charities to deliver even more impact.

We would, of course, be very happy to discuss these ideas further with your respective teams.

Yours sincerely,

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⁴ Boswell, K. *Health Data Lab: An initiative whose time has come*. <http://www.thinknpc.org/blog/health-data-lab-time-has-come/>. New Philanthropy Capital. March 2017.