

# HOUSE OF LORDS SELECT COMMITTEE ON CITIZENSHIP AND CIVIC ENGAGEMENT: RESPONSE FROM NEW PHILANTHROPY CAPITAL



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## About NPC

New Philanthropy Capital (NPC) is a charity consultancy and think tank focused on helping charities and funders achieve the greatest impact. We aim to transform the charity sector by increasing the impact of charities, increasing the impact of funders, and strengthening the partnership between the two.

Our work includes supporting individual charities and funders, and exploring issues affecting the wider charity sector through our think tank work. Our [State of the Sector](#) research programme considers current challenges and opportunities for the sector, and touches on many issues relevant to this inquiry.<sup>1</sup> A [recent paper](#) co-authored by NPC's chief executive Dan Corry also looks at the role civil society plays in 'the shared society' and how it can be strengthened.<sup>2</sup>

## About this submission

NPC exists to support social sector impact. One aspect of the sector's impact is the role it plays in promoting individual and community well-being, and in doing so creating a more cohesive society. This can be a difficult topic to get a handle on: definitions vary and our understanding of what works, and what is most cost-effective, is limited. However, we—the public and social sectors—need to understand it better if we are to make best use of the resources available.

Our response to the Committee's inquiry should be seen in this light. In it we focus on two of the Committee's questions: the role of the third sector in encouraging civic engagement, and steps government and Parliament can take to support this (question 7), and the effectiveness of voluntary citizenship programmes such as the National Citizen Service (question 6).

Although in this response we refer to 'the sector', the charity sector is far from homogeneous. Financially it is dominated by a small number of very large organisations, while one third of charities with an annual income of less than £1m are in a financially precarious position, operating with no reserves.<sup>3</sup>

NPC would be happy to discuss any aspect of this submission in more detail with members of the Committee.

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<sup>1</sup> See NPC's website: [www.thinknpc.org/our-work/projects/state-of-the-sector](http://www.thinknpc.org/our-work/projects/state-of-the-sector)

<sup>2</sup> Corry, D. and Stoker, G. (2017) *The 'shared society' needs a strong civil society*. New Philanthropy Capital.

<sup>3</sup> NCVO (2016) *The UK Civil Society Almanac 2016*.

## NPC's response to the Committee's call for evidence

### Active citizenship: the role of the third sector

#### The third sector has a key role to play in supporting civic engagement and active citizenship

1. The third sector—by which we mean informal voluntary and community groups or associations as well as formal, established charities and social enterprises—provides a means through which people can exercise active citizenship. It provides a space in which people of different backgrounds, experiences and outlooks come together to explore shared interests or pursue a common cause. **Charities therefore play a key role in bringing people together and inspiring civic action by offering opportunities for people to be active in their communities.** This is particularly important in the aftermath of the EU referendum campaign, which has exposed and created divisions in society.
2. Charities are increasingly thinking about the role they play within the wider community. As part of NPC's [State of the Sector research programme](#) we undertook quantitative and qualitative research involving 400 charity sector leaders. The findings, set out in [Charities taking charge](#), show 66% of sector leaders surveyed see community networks as important to achieving their mission.<sup>4</sup> This is particularly true for smaller organisations, while larger organisations increasingly see themselves playing a role in building community capacity.<sup>5</sup>
3. There are different aspects of citizenship and people will choose to be 'active' citizens in different ways—including in ways that can be uncomfortable for government, such as campaigning and activism. Civil society provides a route for people to exercise active citizenship in this way, too. Campaigning is—and always has been—an important part of what the charity sector does.
4. In [Charities taking charge](#) we found that increased civic action is prompting some charities to rethink their role as one that supports, empowers and mobilises people to solve problems, rather than simply delivers products and services.<sup>6</sup> However, the space for civil society to speak out on important issues is narrowing. From [the Lobbying Act](#)<sup>7</sup>, to the Charity Commission's [guidance on campaigning in the EU referendum](#)<sup>8</sup>, over recent years charities have found themselves in an ever more hostile environment. **The sector has a legitimate role in raising issues that matter to beneficiaries, and society as a whole loses out if this role is restricted.**

#### But responsibility to deliver greater civic engagement should not be enforced upon third sector organisations

5. Charities we work with tell us that part of what makes their work effective is that it is—and is seen to be—separate to the state. This allows charities to develop trusting relationships with people and to have a different kind of conversation with them. Our [research into the role of charities in the criminal justice sector](#), for example, found that this central relationship—which is built on trust and on organisations treating people

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<sup>4</sup> Hoare, G., Shea, J. and Murray, P. (2017) *Charities taking charge: Transforming to face a changing world*. New Philanthropy Capital, p35

<sup>5</sup> Ibid, p50

<sup>6</sup> Ibid, p52

<sup>7</sup> UK Parliament, [Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014](#), 5 February 2014

<sup>8</sup> Charity Commission, [The European Union referendum: The Charity Commission's regulatory guidance for charities](#), March 2016

as individuals—is at the heart of charities’ unique contribution to the criminal justice sector.<sup>9</sup> Similarly our work [on the role of charities in health](#) highlighted this unique position between the system and the beneficiary, which allows charities to act as trusted, independent intermediaries.<sup>10</sup>

6. There are many charities whose mission is explicitly to promote active citizenship, or who tackle issues relating to citizenship and civic or political engagement. However, making this the responsibility of all third sector organisations risks undermining their independence—a central aspect of what makes them effective. **While recognising the role the third sector plays in supporting active citizenship, government should avoid placing specific responsibilities on third sector organisations to do this.**

## How government can support civil society and civic engagement

### The Office for Civil Society should commission research into where social capital is weakest...

7. There is a strong body of evidence linking social capital with individual and community well-being and economic growth. One big question—for policy-makers, but also for charities and philanthropic funders—is what to do in areas where social capital is weaker. NPC’s work sees us talking to foundations and philanthropists, many of whom would like to fund work in this area but are not really sure of what works.
8. There has long been a concern within the third sector that funding flows to areas where social capital is already strong, while other areas—the so-called ‘cold spots’ of civil society activity, often areas where the local economy is also weak—miss out. This problem risks being exacerbated by the shift towards citizen-led models of working set out above. As one charity sector leader put it in [Charities taking charge](#), ‘if [that model] works really well what you do is you accelerate the growth and development of those places with assets, and those without get left further behind.’<sup>11</sup>
9. So what is to be done? Firstly, we need a better understanding of the problem and of effective measures to tackle it. NPC welcomes the [Office for National Statistics \(ONS\) Social Capital Project](#) to improve the measurement of social capital in the UK.<sup>12</sup> **Building on that, we recommend that the Office for Civil Society (OCS) commissions research into understanding where social capital is weakest and what works in strengthening social capital, building on existing evidence and practice.**
10. NPC has also floated the idea of creating a social infrastructure index.<sup>13</sup> This would form part of the research work proposed above and would identify the local physical and social networks that enable connections to be made and social capital to grow—everything from libraries and parks to sports facilities and meals on wheels.
11. The previous government funded the creation of community organisers to help communities and individuals express their views and concerns and to act upon them. **This programme should be kept under review to see how well it works. There may be a case for councils to be encouraged, or even funded, to have community development officers.**

<sup>9</sup> Wyld, G. and Noble, J. (2017) [Beyond bars: Maximising the voluntary sector’s contribution in criminal justice](#). New Philanthropy Capital.

<sup>10</sup> Bull, D., Sheil, F., Joy, I. and Bagwell, S. (2014) [Supporting good health: The role of the charity sector](#). New Philanthropy Capital.

<sup>11</sup> Hoare, G., Shea, J. and Murray, P. *op. cit.*

<sup>12</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/socialcapitalintheuk/may2017>

<sup>13</sup> Corry, D. and Stoker, G. (2017) [The ‘shared society’ needs a strong civil society](#). New Philanthropy Capital.

### ...and target funding to plug the gaps

12. **Government should invest resource into strengthening social capital, targeting funding to those areas where social capital is weakest and civil society activity low—with possible sources including the dormant assets fund and EU successor funding the ‘Shared Prosperity Fund’.**
13. As we set out in *Boldness in times of change*, effective voluntary sector infrastructure can support civil society activity by: brokering collaboration and partnerships; providing a voice for the sector with local government; supporting improvement; and giving organisations, particularly smaller ones, space to plan and think.<sup>14</sup> We also set out how digital technology can enable a more networked sector. This has the potential to enable organisations to share knowledge and ideas on an open source, peer-to-peer basis rather than the top down ‘broadcast’ model (where one organisation takes in the knowledge and sends it out to members). **Government could do more to support the digital and data infrastructure that enables charities to have a greater impact—including by replicating the successful [Ministry of Justice Data Lab](#)<sup>15</sup> model in health, employment and education to support charities in better understanding their impact.**
14. The hollowing-out of local infrastructure creates a major challenge to supporting smaller, more local community groups but, with a few notable exceptions, infrastructure is far down the list of priorities for most funders. **The Big Lottery Fund should consider a fund that supports bottom-up and peer-to-peer networks and collaboration.**

### The wider context of people’s lives must be considered

15. Active citizenship and civic engagement develops within a wider context. For example, planning policy influences whether or not there are spaces where people can interact, get to know their neighbours and find other people to associate with. This is about creating spaces where ‘acts of kindness’ can take place.<sup>16</sup>
16. There is some evidence to suggest that levels of active citizenship are influenced by people’s wider circumstances. For example, in its [review of the evidence on social capital](#), the Organisation for Economic Co-operation and Development (OECD) cites a study showing that differences in educational attainment explained 14% of variations in volunteering rates between countries, and 21% of variations in the level of interest in politics.<sup>17</sup> The same report points to a number of studies suggesting that high levels of income inequality are associated with low social capital: low levels of civic participation, and lower levels of trust. **It is not only through promoting ‘active citizenship’ that government can build active citizenship. Government should use its powers to positively influence the wider context in which active citizenship and civic engagement can develop.**
17. Similarly, we need to remember that civil society activity does not *necessarily* support active citizenship. In the same way that the way the state works can promote dependent or active citizens, so too charities can support dependence or autonomy among the people with whom they work. Equally, while charities often bring people together, they can also be divisive; civil society activity can reinforce or even create inequity. ‘Community’ groups may speak only to certain members of a community—building bonding capital, but not necessarily providing bridging capital<sup>18</sup>, which is an important part of social cohesion. **Charities themselves**

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<sup>14</sup> Murray, P., Hoare, G. and Wixley, S. (2016) *Boldness in times of change: Rethinking the charity sector for the future*. New Philanthropy Capital.

<sup>15</sup> <http://www.thinknpc.org/our-work/projects/data-labs/justice-data-lab/>

<sup>16</sup> See Ferguson, Z. (2016) *Kinder communities: The power of everyday relationships*. Carnegie Trust UK.

<sup>17</sup> Scrivens, K. and Smith, C. (2013) *Four interpretations of social capital: an agenda for measurement*. OECD.

<sup>18</sup> Ibid.

**need to reflect on how they work with people and whether they are supporting dependence or autonomy, and whether they include or exclude.**

## **The effectiveness of the National Citizen Service in creating active citizens**

18. The National Citizen Service (NCS) has three aims: promoting a more cohesive society through social mixing; promoting a more responsible society by developing young people's skills; and promoting engaged citizenship by supporting young people to carry out projects in their local community. We wish to address two aspects of NCS: whether it works, and whether it constitutes value for money. Note that NPC was involved in the [evaluation of the NCS pilots in 2012](#) as a junior partner to NatCen Social Research.<sup>19</sup>

### **There is, as yet, no evidence of the lasting impact of NCS**

19. While external evaluations have shown some initial positive effects, we have little evidence regarding whether these initial positive changes are sustained over time. The only evidence currently available shows the initial impact drops off rapidly. On the aim of promoting a more cohesive society through increased social mixing, shortly after the summer programme more than 80% of young people said they felt more positive towards those from different backgrounds—but this had fallen to 57% 16 months later. Similar effects were seen on the aim of promoting engaged citizenship: shortly after completing the programme around 70% of participants said they were more likely to help in their local area—this had fallen to 38% 16 months later.<sup>20</sup> The 2015 evaluation found that, two years following completion of NCS, the effects on volunteering behaviour were not statistically different from zero.<sup>21</sup> **In order to understand the effectiveness of NCS, we need data on the long-term impact of the programme to know whether initial positive impacts on attitudes are fully sustained, and what that ultimately results in in terms of behaviours and decisions. Good control groups are needed to understand the 'value-add' of NCS.**

### **Insufficient consideration was given to value for money from the outset**

20. Data on any long-term effects of the programme is needed to make an informed judgement regarding value for money. However, the evidence we have so far suggests NCS has been an expensive way to fund the voluntary sector's work with young people, at an estimated cost per participant of £1,863 in 2016.<sup>22</sup> The programme will have received £1.26bn funding between 2016–2020, and it is projected to have a £400m annual budget by the end of this parliament. Meanwhile, [Unison has estimated](#) that £387m was cut from youth service budgets between 2010 and 2016, resulting in the loss of over 3,500 youth work jobs and the closure of 603 youth centres.<sup>23</sup>
21. An [Ipsos MORI evaluation](#) in 2015 estimated that NCS delivered benefits of between £0.70 and £2.38 per £1 spent, based on short-term outcomes.<sup>24</sup> A more recent [cost-benefit analysis](#) finds a much more positive picture—however, this looks at individual life-satisfaction and participation in higher education rather than the broader aims originally set out for NCS. It is also worth noting that the earnings premium from a university degree is a significant factor in the improved cost-benefit ratio.<sup>25</sup>

<sup>19</sup> NatCen Social Research, Office for Public Management and New Philanthropy Capital (2013) *Evaluation of National Citizen Service: Findings from the evaluations of the 2012 summer and autumn NCS programmes.*

<sup>20</sup> National Audit Office (2017) *National Citizen Service.*

<sup>21</sup> Cameron, D., Stannard, J., Leckey, C., Hale, C. and Di Antonio, E. (2017) *National Citizen Service 2015 evaluation: main report.* Ipsos MORI.

<sup>22</sup> National Audit Office (2017) *National Citizen Service.*

<sup>23</sup> Unison (2016) *A future at risk: Cuts in youth services.*

<sup>24</sup> Cameron, D., Stannard, J., Leckey, C., Hale, C. and Di Antonio, E. *op cit.*

<sup>25</sup> National Citizen Services and Jump Simetrica (2017) *If you could bottle it...: A well-being and human capital value for money analysis of the NCS 2015 programme.*

22. Could the same thing have been achieved more cheaply by harnessing the existing charity sector rather than establishing a new programme from scratch, with all the programme development and assessment work that any new programme necessarily entails? Little thought appears to have been given to whether there were more effective or more cost-effective ways to meet the same aims—something the [National Audit Office concluded in its recent report](#), stating *'The OCS set up NCS without considering different ways it could meet its long-term aims of social responsibility, cohesion and engagement cost-effectively'*.<sup>26</sup>

### **There is work to be done to shape the National Citizen Service for the future**

23. Looking back at what might have been is important, but of limited use now that NCS is well-established and clearly remains a political priority. **So, the focus should be on ensuring that it works effectively and on making sure we do have the necessary data to understand and improve the impact the programme has.** The recently announced partnership with the Scouts is a positive step in engaging the wider sector and building on the established expertise of charities already active in this space.
24. As noted above, programmes such as NCS are just one small part of the story. Policy-makers should not put too much weight on NCS to transform the way that young people see themselves in society, their relationships with other people of different backgrounds (socio-economic, ethnic and other), and their commitment to social action in the future. The evidence that the programme has had a lasting impact in these areas, let alone that it is cost-effective, is not yet in or conclusive. **NCS is just one small part of the story—and too often over-emphasised in debates relative to all the good work done by the voluntary, charity and community sector within communities.**

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<sup>26</sup> National Audit Office (2017) *National Citizen Service*.

## TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy. Over the past 15 years we have worked with charities, funders, philanthropists and others, supporting them to deliver the greatest possible impact for the causes and beneficiaries they exist to serve.

NPC occupies a unique position at the nexus between charities and funders. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

**Increasing the impact of charities:** NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

**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.

**Strengthening the partnership between charities and funders:** NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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