

THE 'SHARED SOCIETY' NEEDS A STRONG CIVIL SOCIETY

A progressive agenda for change

April 2017



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Our country is divided and there are a multitude of social and economic problems that require urgently to be addressed. We can embrace the Prime Minister's idea of the 'Shared Society' but not if it is just a nice piece of rhetoric. Government must play its part. Business will have a key role. But above all civil society must be seen as the lynchpin.

This pamphlet is both an argument drawing on evidence and a call for action. We aim to persuade with the idea that civil society should be at the heart of delivering a progressive agenda. We seek to mobilise institutional, financial, and informational resources to support a dynamic of change on the ground.

This piece represents the personal views of Dan and Gerry. We welcome all responses so please get in touch via info@thinkNPC.org or tweet [@NPCthinks](#) using [#NPCprovokes](#).

INTRODUCTION

Post-Brexit Britain needs a strong civil society

In the early 1990s, newly elected Prime Minister John Major set out an ambition that we would become 'a nation at ease with itself'. More recently our government has talked about creating 'a country that works for everyone'. Arguably we are further away from achieving these ambitions than ever. A decade of austerity has driven cuts to public services and benefits, constraints on real wage growth, and economic stagnation in many towns and cities. The continuing pressures created by an ageing population and younger generations facing tough times have not helped deliver a sense of ease. As the campaign and vote for Brexit showed we are a polarised and divided nation, segmented across geographies, background, and attitudes.¹ Many have felt that the good life is passing them by, that they have no agency and little pride in their community or job. Brexit and its aftermath demonstrated that different groups were talking past each other.

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What could set us down the path (and it will be a long, slow journey given the scale of the challenge) to a Britain more integrated, hopeful and better connected? Prime Minister Theresa May has floated the intriguing idea of a 'Shared Society' as the organising principle, but so far has filled in little of what this might mean. There is a great danger that the ambition behind that phrase will not be delivered just as a previous Prime Minister's calls for a nation at ease with itself got nowhere. And let's not even mention the Big Society idea. A good sound bite has its value but what matters most is achieving in practice an agenda for change that helps move us forward.

'We need a progressive notion and realisation of society, one that is fundamentally positive about human nature and values concepts like solidarity and mutualism.'

What could drive an agenda that would put issues of tackling inequality, promoting respect, and creating space for creativity and agency at its core? What can we do to help drive us towards a progressive notion and realisation of society, one that is fundamentally positive about human nature and values concepts like solidarity and mutualism?

Our contention is that a good starting point would be re-orientating our attitude to, and policies towards, the third sector and civil society more broadly. **Putting civil society at the centre of our thinking—and not seeing it as an added extra or a place to pick up the pieces left by the market and the state—helps address many of the things that people find disempowering and alienating in modern economies and society.** In addition we need a commitment to building a civic infrastructure in the same way that we are re-examining our industrial and housing and social care infrastructures. Our hopes for civil society need solid foundations in the same way of other parts of our recovery agenda as a nation.

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So how can we give civil society the boost it needs?

First civil society would need to merit public support as it will require new investment in finance, people and time. We promote in [Chapter 2](#) a set of arguments for civil society as a vital counter-balance to a world where both bureaucracies and markets have grown too strong. All forms of human exchange both act in the now and teach us about how to act in the future. If all we know are regulation or markets, the range of human engagement we have with each other will be conditioned and limited. Our choice of interaction will be reduced to: are you trying to govern me or buy me? Regulation through bureaucracy can deliver rules that support the achievement of collective goals, but it can also undermine innovation. Commercialisation and consumerisation can deliver individual pleasure and satisfaction but may weaken bonds of collective trust and mutuality. Civil society can be disorganised. It can be unfocused. But in different ways it can also deliver the sense of solidarity, cooperation and mutual respect that is vital to building a Britain that is at ease with itself. This insight is one we want to proclaim loudly. We believe that progressive thinking has been muddled and uncertain about civil society in the past, and as a consequence policy measures in this area have over all been ineffective.

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Second, any sound attempt to build a stronger civil society would have to be accompanied by a survey of the weaknesses of the sector. We know that there are features about civil society that might cause some concerns. In [Chapter 3](#) we explore these issues but we are clear that this agenda should not be used as an excuse to side-line the sector.

The third part of our argument—presented in [Chapter 4](#)—goes to the heart of how to build a civil society that can embody and support our progressive values. **We demand that central government is reformed to work actively with the sector. We propose measures to revamp both the oversight of, and support for, improvement provided to the sector. We back calls for a greater voice for the sector. We ask the private sector to take a stronger and more advanced role in supporting civil society. We propose a new major fund to provide the resource boost essential for any sound infrastructure.** Some of these proposals are new, some build on past ideas or even current practice. Some are small, none are huge. But taken together we believe they would build a different and more powerful civil society over time that would provide the rock of a more progressive era.

Before getting to heart of the argument we spend [Chapter 1](#) clarifying our understanding of the nature of civil society. A process that is unavoidable given the complexity of the sector.

CHAPTER 1: UNDERSTANDING CIVIL SOCIETY

Thinking about civil society is a big topic. The sector covers the institutions, associations and activities that lie between those of the tax funded central state, the market, and the basic building block of the family household. Great social movements like the Chartists or the rise of trade unions and liberation movements of the 1960s onwards. Or big charities that have made a difference over the years through their campaigning and direct interventions. Or thousands of volunteers running stalls, clubs and social events every week. Crucially though, the sector has changed in recent decades and keeps on finding ways to reconstitute itself through the emergence of social enterprise, commitment to social investments, worker organisation in the gig economy, and citizen involvement in public institutions. The diversity and dynamic capacity for change built into the sector should make it not an afterthought but a starting point for delivering a progressive agenda.

'If civil society did not exist progressives would have to invent it.'

Some may doubt whether civil society can deliver much. For some the answer—especially as we leave the corporatist and Christian Democrat flavoured world of the EU—is to push for further deregulation. We need more markets, more competition and more self-help as the route to national recovery. For others, more government is the answer and civil society can be seen as a barrier to the role of the state in being the vehicle to deliver universalism and equity in terms of public services, societal norms and common standards. For them, civil society is about '*pluralism and particularism*'², while government is about trying to bring it all together and '*speak in the accents of a common good and identity*' (although decades of experience of government departmentalism, feuding bureaucratic baronies and non-joined governance does make such claims look rather optimistic). Some progressives veer between seeing local self-organisation as radical and even transformational—being all about social movements and civic activism³—and seeing it through Burkean type glasses as the small passive platoons wedded to conservatism and the status quo. The '*individual citizen-volunteers doing good in their own communities*'⁴ can be seen as offering only a sticking plaster solution, or even making us all tacit supporters of neo-liberalism through being '*profoundly anti-statist*'⁵.

Those not committed in these negative stances towards civil society are flailing around at present, looking for a narrative, looking for a way forward. They are worried that the Brexit process—which is likely to be long and drawn out—will release increased expressions of hatred and intolerance. They directly experience or know there is intense dissatisfaction with the way our economy and society is working, that the form of capitalism we had settled into is being rejected, that populist forces are fighting back at perceived elites who are in it for themselves. They see in civil society the prospect of an alternative that encapsulates much of what they want to see in the way human beings and communities behave and interact.

Civil society already generates human capital, social enterprise, ideas, networks, emotional support, practical help and well-being. It does this activity online and offline. Mostly it does it without engagement from government or business. Civil society organises. In every town and city there are thousands of civic organisations. This world is driven by voluntary effort that looks not to government or business but instead seeks to resolve problems in communities in the here and now. Civil society allows us to learn from our experiences of social exchange, and a stronger civil society reinforces our better selves and the values of solidarity. Its presence helps to sustain and spread those values. If civil society did not exist, progressives would have to invent it.

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The shape of civil society has always mattered to those committed to social progress, but the degree of emphasis put on this has waxed and waned over the years. In the post 2008 financial crash era, more attention has been paid to these issues. Former Charities Minister Nick Hurd put it well when he said, '*as trust flows away from politics and business, our voluntary sector and social economy becomes even more important*'⁶. But when former Prime Minister David Cameron launched his civil society initiative the Big Society in 2010, it wrong footed much of the progressive thinking going on at the time. Should it attack or embrace the Big Society concept? Despite the governments of Blair and Brown having done quite a lot to support voluntary activity⁷, Labour in recent decades has tended to have a rather top down, statist approach to life, and was not sure how to respond. Many other progressives were equally non-plused. In our view, this stems from the observation that thinking in this area had simply not been done by progressives rather than because progressives should have a problem, per se, with civil society. Following on from this there was a bit more consideration given to the topic in progressive circles both from the left—in some of the debates sparked by the 'Blue Labour' movement—as well as on the centre-right—through so called 'Red Tory' lines of thinking. But faced with the reality of a politics dominated by austerity, little progress has been made.

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It has already been recognised, then, that there is something in civil society that policymakers need to build on. **What we offer in this pamphlet is new a reframing of the argument, and set of measures to deliver real change. Our aim is to argue that a sea-change in thinking requires us to explore not how the 'third' sector complements the role of government or business, but rather what would a policy platform look like if you started with civil society.**

New Labour tried to bend civil society to meet its own policy objectives. The Conservatives with their Big Society rhetoric were trying to plug the gaps left by their austerity programme. We build on some of the initiatives and approaches that both these periods gave rise to. However, we think the sector should be celebrated and supported for its own sake and not because of what it might deliver for someone else's agenda. It is the agenda of the sector itself that needs supporting. It is about people finding ways to express their better selves. Our contention is that civil society—in its many forms—is part and parcel of creating the society we want and indeed is a key part of the society that progressives should be trying to build. In this short pamphlet, we therefore set out to explore what a progressive policy platform would look like if it started with the potential of civil society and worked outwards. We do not claim that this is easy and go in with our eyes open^{*}. The issue then becomes how we deliver fresh impetus, a new rationale as well as some new policy ideas that do not obstruct or undermine but work with and stimulate civil society activity.

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^{*} *'Building civil society is not easy or fluffy. Associational life is challenging and messy...Civil Society is not for the faint hearted, the sloganeering or those who simply want to call for a better way of being.'* Unwin, J. 'Where next for civil society?' Inaugural lecture for the Wales Council for Voluntary Action, 24 November 2016.

CHAPTER 2: CHAMPIONING CIVIL SOCIETY

In the context of the divisions exposed by Brexit—and the reality of geographically different economic and social trajectories experienced by different communities that are set to frame post-Brexit experience—we identify four principles that together underwrite our approach to civil society:

- **Starting where the people are and with what civil society already does**, and help bring out the best in both.
- **Celebrating human adaption and inventiveness** and the fact that civil society lets people act individually and collectively to define and meet their needs and those of others. To create a post-Brexit Shared Society the dynamism of civil society must be super-boosted.
- **Seeing the world through the eyes of the citizen not the bureaucrat or technocrat**. Take the sense of place and community that people have and build through that not through bureaucratic boundaries or business models
- **Valuing the third sector as a force that, by its very existence, challenges the consumerisation and marketisation of our society**, being more about collectivism, altruism and about social enterprise.

Starting where people are

For progressives starting where the people are should be the standard response. Thinking and assumptions that are delusional about what citizens believe and do helps no progressive cause. Nor is it right to think citizens can be easily moulded into another form. So our starting point is with *what civil society already does*.

In what is becoming to some degree a post-material age, the role of civil society is becoming more important. As the role of big institutions such as the churches, trade unions and formal social clubs has drifted back, so the legions of smaller organisations have stepped forward. Many citizens no longer get all aspects of social and civic experience through their workplace, their immediate community, their religious affiliations, their political activity or even their extended family. Yet those experiences of working together and achieving together are crucial to any concept of the good life and of well-being[†]. They need nurturing and supporting.

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Brexit and its aftermath reveals to a greater degree the importance of those activities and actors that bring us together that make us feel part of the wider civic body. In a context that could drive a rise in hate crime, racism and mutual suspicion, we need to value even more those civil society responses that drive a sense of a shared humanity, a Shared Society. As Prime Minister May puts it, that *'means not being ambivalent about the efforts of all those who give their time, money and expertise in the service of others; but recognising, supporting and championing those who lead the way in shaping a civil society that can bring the talents of so many in our voluntary sector to bear on some of the great social challenges that we face together'*.

[†] Civil society can also lead to increases in social trust, which analysis suggests raises average levels of well-being. See Helliwell, J. 2016 ['Happiness, inequality and the importance of trust'](#) VOX blog, 6 September.

Civil society organises us. Many agencies are tiny, doing good work with a small number of people in need and with just a few volunteers and little, if any, funding. Others are larger, working at scale, employing people and raising substantial funds, providing key services to the public. In aggregate, many millions are involved with them, many millions interact with them. They bring meaning, purpose and agency to people's lives. Ultimately then, there are a set of institutions—often called 'the third sector'—that matter in many ways to producing a healthy society. Progressives would be crazy not to embrace them.

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None of this is to suggest that we draw a halo above civil society. Not all civil society activity contributes to these sorts of outcomes. Some parts are inefficient; some are divisive; some are just not very good; some are positively destructive[‡]. A more hidden concern might be that when civil society steps into gaps in provision—for example the large growth in food banks—it relieves the government inappropriately of its wider responsibility to deliver the rights of its citizens to basic welfare. But the kernel of the good society that progressives wish to find and build on clearly already exists, in a sector that is already out there, doing things now. We should welcome and build on that and not inadvertently—let alone deliberately—stifle it and smother it.

Some of this more positive approach to civil society, allowing it to play to its own strengths and define its own objectives, may feel like it plays against a progressive desire to actually achieve a defined outcome—a more progressive society itself. This urgency to achieve is understandable and found its way into policy in the past. For instance, as the Carnegie report *For the common good*, quoting Stoker (2005), said, the New Labour civil renewal agenda 'not only requires citizens to participate in their communities, "it demands participation with a purpose"'.⁸ This tension is similar in some ways to the debate in philanthropy: do you just fund good organisations and causes to promote a healthy civil society? Or do you fund with a specific objective in mind that you then try to hold the grantees to account for delivering? This debate highlights the fact that while one description of civil society is about what the good society should be like, another is more about 'associational life' and a culture of civic engagement itself.

Celebrating human adaptation and inventiveness

Progressives believe in the capacity of humanity. Civil society is progressive because it enables people act both individually and collectively to define and meet their needs and those of others. It pools resources, it is sensitive to difference and it is responsive to needs and unexpected developments. Of course, it does not do any of these things perfectly, or always without bias or discrimination, but because of this emphasis on people acting because they want to, meeting needs, adapting to situations, civil society both expresses and nurtures hope.

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This is not a value that is exclusive to civil society. The private sector does some of these things. People can, alone or together, try to meet needs, to respond to changes and new desires through the market, new firm formation, enterprise and so on. Equally, some of what the public sector tries to do is to meet needs in all their different varieties. Its powers allow it to deal with collective action and avoid free riders.⁹ But it is much more directive—even if it is so through local democratic structures; it allows much less variety and innovation; and it is therefore far less good at building on the assets of a community or family than the voluntary sector can be.

[‡] Some argue for instance that terrorism is in its own way a form of civil society.

Progressives should be willing to celebrate a world of everyday makers and expert citizens—people who, respectively, act every day to make the world a better place through joining with others, who have local knowledge and understanding that is not available to other parts of the political system. There is rightly a lot of interest in place-based policymaking in the light of the geographical divisions shown up by the Brexit vote and the need to address complex, 'wicked' issues on ever diminishing budgets.¹⁰ Civil society, alongside government and business, must be engaged in the process of designing responses suited to the different needs of different areas using their local knowledge.

Seeing the world through the eyes of the citizen, and not the bureaucrat or technocrat

Progressives should be happy to start all their thinking with the people: as citizens, workers and consumers. Too often, the question we ask is what civil society can do to complement government or business. Doing so immediately reduces civil society to something residual—something to fill in the gaps. It is not how citizens tend to see it. Many mistakes have been made by seeing the third sector as a way of meeting the failings of the private and state sectors. This view ignores the fact that the sector is of value in its own right and a space in which people just club together to get things done. It squeezes it into roles that it—or at least a large chunk of it—is not best suited for. It often sets it up to fail.

If government cannot make itself accountable and democratically legitimate it should not automatically assume that the third sector can fill the vacuum. This is in part because weaknesses and inequalities in the distribution of third sector capacity might make it only partially suited to the task. But above all our challenge would be back to government. Democracy has a rich range of instruments to support accountability and government should be committed to designing in better accountability through its own leadership and commitment. In short: if government is failing in its responsibilities in our democratic society its leaders should be addressing this issue themselves, not hoping that the third sector just conjures up a solution (which they can then perhaps quietly hope to ignore).[§]

Equally, if business can not generate jobs that are well enough paid then it should be challenged to do so. The third sector can fill temporary gaps by providing food parcels or additional support for the unemployed, but that should not hide from us the policy demand that the private sector should pay a wage that people can live on. Government and business need to address their own issues.

Some have argued that strands of progressive thinking—liberal egalitarianism for instance—are mostly guided by their commitment to ideals like justice and liberty and have a tendency to '*reason backward from the attainment of these ideals to conclusions about how the state ought to relate to civil society*'.¹¹ In some ways we are asking progressives to subdue this natural inclination. What we need to do instead is ask what civil society can deliver: on its own, as a partner, as a contractor, and as a campaigner. All four roles are legitimate and we need to think about how to support them.

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'We need to ask what civil society can deliver: on its own, as a partner, as a contractor, and as a campaigner.'

[§] Or worse count on volunteers to step in so it can deliberately design cost-cutting systems.

Supporting civil society as a buttress against a marketisation of society

Progressives need practices and institutions to buttress against the tide of marketisation and market thinking that has swept through our society, squeezing the public domain where progressives want and need to operate. We should support a set of institutions that challenge the consumerisation and marketisation of our society.

Markets have their place and a major role to play in modern society.

But the danger is that we are being pushed towards a market society rather than a market economy¹², in which an all pervading market ethos defines (and therefore narrows) all aspects of our lives. The third sector—with its emphasis on collective action, on being altruistic (or at least not celebrating self-interest) and on purposeful activity rather than profit—helps to give that buffer. It provides a different set of expectations, norms and behaviours that temper our global, capitalist society and humanise it through activities that are all about non-market incentives and mechanisms.

'The third sector humanises our society. It stands against rampant marketisation and asks us to think and act collectively.'

We have been seeing the emergence of more kinds of organisation that have some features of the third sector and some of the commercial or private sector. Charities, for instance, are winning contracts or selling some services. Others are seeking social investment—repayable finance—forcing them to earn revenue streams to pay it back. Social enterprises are, by definition, reliant on making revenue that they can pay their way with—they make profit but plough it all (or mostly all) back into their activities. New B-Corps¹³—commercial firms committed to certain social behaviours—are emerging, and we have even have what some call 'profit-for-purpose' organisations.

The emergence of such organisations helps create a social economy that acts, to some extent, as a counter to the full market-heavy economy. Innovation through civil society is a core value to be promoted—even if it comes at the price of the blurring of some boundaries between engagement with the civil society and engagement with the market. The issue is not to get tied up in defending definitions or boundaries. Charity is exemplified not just by the rich(er) giving to the poor(er) in a way that will always feel somewhat paternalistic and patronising.¹⁴ Rather we should embrace redefining charity as mutual solidarity or mutual aid—as a progressive idea.

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The third sector stands against rampant marketisation and asks us to think and act collectively. It should be valued for that role by progressives. Of course civil society might offer a buffer against the state as well as the market in this role. Civil society's role as 'a mediating space between the private and public spheres in a pluralist democracy'¹⁵ is widely recognised. That space must be maintained whatever the temptations—as the then Shadow Charity Minister, Lisa Nandy has argued—'through nurturing and sustaining the public space not by dictating how we use it. While the state rightly sets the framework that enables loyalty, belonging and connectedness to thrive, it has no place in determining what those connections are.'¹⁶

CHAPTER 3: ADDRESSING CIVIL SOCIETY'S CHALLENGES

We want to see civic and voluntary organisations integrated into a narrative of how to achieve positive social and economic change because—as discussed in the previous chapter—they add something special. But in order to do so successfully, the challenges facing the sector need to be honestly appraised, understood and then addressed.

'The challenges facing the sector need to be honestly appraised, understood and then addressed.'

It is a sector always under pressure with some of it now close to crisis because of austerity

Civil society will always be under pressure to some extent: there is never enough resource to do everything that we want. However, this has been exacerbated in recent years because of austerity. Many smaller charities and community groups who received at least some of their income from the local authority or other parts of the public sector, often in the form of grants, have been badly squeezed.

Even where funding that can go to the sector has continued to exist it has often been given less in grants and more in contracts. And these contracts have often got bigger as commissioners in the public sector look for economies of scale.¹⁷ Smaller charities and community groups have found these types of contract very hard to access.¹⁸ At a national scale, larger charities have found themselves up against much larger and very professional private sector outsourcing companies, and have missed out in major programmes like the Work Programme and Transforming Rehabilitation.¹⁹

Charitable foundations are often looked to by organisations for key funding—especially of core costs—as are quasi government bodies like the Big Lottery Fund, the Heritage Lottery Fund and the Arts Council. But none of these bodies have seen their income rise in recent years. Nor has there been any major rise in philanthropy from richer (high net worth) individuals or independent charitable foundations.^{**} And while the general public have continued to donate despite a squeeze on incomes since 2008, their donations have not *increased* and so have not filled the gap.

Lack of core funding is a major concern

The voluntary sector has particular problems in raising resource to cover core costs—such as staff, training, premises, research evaluation and IT. Where a private sector investor would never invest in a firm that did not have these—or would be happy to invest in them to help them be a successful firm—philanthropic donors and the public generally only want to give money they feel goes straight to the front line. The result is often an underlying capacity issue. In the past government recognised this problem to some extent and put in capacity funding, but this is long gone while local government is strapped for cash. Some core funding does come through quasi government sources like the Big Lottery and its offshoots. But at the moment the government is only really

^{**} Although the data is not that clear in this area.

prepared to seed fund things that might lead to more take up of social investment and the like. So there is a major gap.

Some parts of the sector have a trust problem

There are some parts of the sector that do a lot of fundraising from the public, and this kind of funding has held up well in recent years. But it is set to take something of a hit as systems around fundraising from the public are changed in order to prevent organisations using personal data in ways that have, at times, verged on the illegal.

Beyond fundraising, the image of the sector has taken a kicking from recent failures that have seem to suggest governance is weak in the sector—Kids Company being the most prominent example. And there are concerns from the public about chief executive pay, especially because many people still think charities exist entirely on voluntary effort.

In fact, most of these concerns relate to the bigger charities—who have also got caught up in the current post-truth world of distrust of anything that looks a bit establishment. But these issues have certainly coloured views of the whole sector at least amongst some potential funders.

Governance is an issue, where a weak accountability narrative leads to lower social impact

A further set of issues flows from the accountability narrative and structure for the civil society sector—where there is a lack of clarity and sharpness compared to the market or to any democratic system (weak though those sometimes are).²⁰ There is of course governance, with trustees and reporting, and attempts to be efficient; but these are often very weak mechanisms. There is no simple storyline of trial by election or competition.

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One consequence of this is that some voluntary sector bodies are just not very good—in terms of producing impact with the resources they have, and doing so with a sensible input of resource. For good or bad, concepts like value for money are largely absent in the vocabulary of the sector.

Another side-effect of governance weakness is that charities and their funders often end up with a focus on the organisation and its survival rather than achieving its mission. It is certainly not a sector that is naturally prone to collaboration and sharing to pursue the collective good and maximise its impact. And individual charities with their own specialisms often do not join up around needs of individuals, the family or the community any more than the public sector does.

It is a sector that is strong in some places and on some issues, not in others

Another consequence of voluntarism inherent in the concept of civil society is that some causes attract money and volunteers while others do not. There is no necessary link with those that 'matter' most. Progressives may not approve of it, but the public are more likely to get involved in and donate to animal charities than they are to charities that address poverty or mental health or domestic violence. Philanthropists flood money into the arts

much more than into prisoner rehabilitation; and much more goes into children's charities than into those targeted at the elderly.^{††}

The voluntarism that characterises much of the sector—and the slight randomness of its efficacy and its distribution across geographies—has led some progressives to be suspicious of it. However, the criticism that it is not a force for delivering a nationwide universal service is a bit harsh, because it would not claim this as its goal.

Take its role (or non-role, in some cases) in tackling inequality. By definition a voluntary activity happens where it happens. And we know that it needs time, energy and resources. Therefore in principle it can lead to a very unequal distribution across geographies. Evidence suggests that it does on the whole not spread itself around the country evenly, with less formal registered charities in more depressed areas leading to the phrase 'charity deserts'.^{21‡‡} So it can reinforce spatial inequality rather than address it.

'By definition a voluntary activity happens where it happens. So it can reinforce spatial inequality rather than address it.'

Current policy is seeing an increasing degree of devolution to city regions and other geographies, as well as to the nation states of the UK. Here civil society can arguably play a more integrated and important role as long as we don't see devolution as the same old approaches and politics just replicated at a smaller spatial scale. In Manchester for instance there is some evidence of looking to change business as usual in favour of preventative multi-agency work targeting vulnerable households below statutory thresholds.²² In such new approaches civil society with its ideas for creative innovation and its links to the community can be a part of tackling pressing policy problems.

It is often better at alleviating need and being incremental than in engaging in preventive work and aiming at transformation

The dependence of the sector on voluntarily given income and effort means that it tends to focus on alleviating visible, obvious need, not on preventative, early action (although again, the public sector is also prone to this). There is much good about this. But it does mean that dealing with the immediate and emotional tends to trump stemming the flow—which can often only be achieved by harder activity that leads to progressive or systemic change.^{§§}

Civil society in its everyday approaches can therefore be quite incremental, avoiding the fundamental power politics and structures that need to be challenged. While civil society does from time to time help create surges and movements that challenge orthodox views and ways of doing things, in general it often cannot and does not take on the structural impacts of the way market economies and systems work. And as commentators rightly remind us, in terms of spend, it is pretty small relative to the state or the private sector.

^{††} Of course it can be argued that the distribution of public spending is often no more rational, reflecting the power of special interests and the public's prejudices more than some objective measure of need or impact.

^{‡‡} The private sector and the public sector can be seen as neglecting these kinds of areas as well (the private sector's lack of investment due to better profits elsewhere and the public sector's due to a combination of being too difficult and not politically relevant enough).

^{§§} As Sodha, S. (2016) *The future of doing good: How do we create social value in the future?* Big Lottery Fund p. 15 puts it, a focus on activities means 'we don't think enough about changing broader culture, behaviours, and public discourse'.

It has a tricky relationship with the state at national and local level

Most would agree that civil society is a key part of a healthy democracy. But its day to day intersection with this system is often unclear and its relationship with representative democracy often difficult—with tussles over legitimacy between elected politicians and community and voluntary sector voices being common. Sometimes people want to present the civic sector as an alternative to formal institutions. Yet as Ishkanian and Szepter (2012) argue, there is a danger of civil society being (and being promoted as) a '*vigilante alternative to democratic structures*' and that in fact we need the two to work together.²³ As Szepter puts it '*if there is a problem today with the effectiveness of local volunteering, history indicates that the first way to stimulate it would be to re-empower elected local government*'.²⁴ In this view, the voluntary sector can't hack it—especially on its own—and to undermine local government in the name of community empowerment and civil society would be a non-progressive step. We agree, and we are not suggesting that.

'Most would agree that civil society is a key part of a healthy democracy. But its day to day intersection with this system is often unclear.'

The state is clearly a major player both in funding flows and in influencing the lives of citizens. And yet civil society is and must be, if it is to be anything, an independent sector that pursues its own agendas. Not surprisingly this leads to tension that becomes particularly acute in times of tight finances.

We need to address how the third sector should be better approached by the state—often the local state or local arms of government like CCGs—over issues of funding, contracting and licensing. There are also issues of insensitive and inappropriate interventions at the moment—with the state trying in different ways to curtail the ability and appetite of the sector to campaign, advocate and lobby.

A rather different fear in some people's eyes is that the voluntary sector is or could be used to replace or undermine the state at national and local level—and indeed that voluntary organisations and volunteering themselves are there (or are used by some) precisely to undermine paid work, workers' rights and so on. The fact that those who donate to charities get tax breaks—very good ones for those on higher income tax rates—also adds to the unease that some have.

'The voluntary sector could be used to replace or undermine the state at national and local level. Conversely, there is a worry that too much state leaves little room for civil action.'

Conversely, from the third sector perspective, there is a worry that too much state leaves little room for civil action and organisation. This was argued a bit towards the end of the New Labour period—which was characterised to some extent by a top-down target approach—and very strongly by the Conservative Party in opposition in that period. But the case is much less clear than that, with a strong academic view that actually public sector activity has (at least historically) crowded *in* voluntary action, not crowded it *out*.²⁵

And it has a tricky relationship with the idea of social capital

A different set of issues revolve around the fact that community groups and voluntary groups are not necessarily about bringing the whole community together. Civil society can reinforce or create inequity.²⁶ Some of its activity is good for social capital, some is not. Some does indeed help produce the elixir of bridging or linking social capital that brings communities together. However much of it creates closer links only between members of a homogenous group—so called 'bonding social capital'—making them less likely to get on with other groups instead of connecting and bringing groups together²⁷. As Szepter (2012) puts it, you can very easily just get

'*segregated encampments of bonding social capital*'.^{***} And Rosenblum and Post talk of the danger of civil society just creating a '*hyperpluralist crush*'.

And of course, not all civil society groups join together for 'progressive' reasons. Some of the strongest groups are very far from being progressive, pursuing a host of issues and interests from anti-abortionist to campaigning against local plans for shelters for the homeless or facilities in the community for those with mental health issues. Equally, being a good community organiser does not mean you are necessarily doing it for progressive reasons (UKIP for instance can be good community organisers).^{†††}

It has many elements and is becoming increasingly diverse

The voluntary sector has been getting more diverse in recent years. This is a strength—since social good should come in many ways. But it also threatens to splinter the sector, confuse the public and dilute the effort. Embodied within the idea of a civil or social society are community groups, local voluntary sector, registered charities (big, very big, small and very small); charitable funders and membership groups. While there are common interests, there are also divisions between these groups, with tension not only between bigger charities and smaller ones but between the more formal voluntary sector and the community sector.

'The voluntary sector has been getting more diverse. This is a strength, but it also threatens to splinter the sector, confuse the public and dilute the effort.'

In addition, there are a whole swathe of non-profits who *earn* a lot of their revenue rather than relying on donations, grants and volunteers—usually referred to as social enterprises (often classified as charities too). And there are new funding streams like social investment and impact investing as well as crowd funding and community shares. This is without wading into the issue of whether public schools, the British Council and non-profits that get all their funding via contracts, are really quite part of civil society in the way we usually think of it. In fact it is quite hard to work out if we have more or less civil society activity than in the past. We can count up registered charities, and their funding but this feels very partial. And we can also look at what people say they are doing—which suggests that social capital per se is not falling although associations with voluntary organisations are²⁸.

It has been slow in responding to the digital revolution

Flowing through all aspects of the sector is the rapidly advancing world of digital technologies, capabilities and applications. The sector will need to adapt to this like we all do. But its implications within the sector are likely to be radical.

Arguably in the past the charity and even community sector has been about creating organisations that go out and solve a problem. So they have ended up being organisationally focused and, in that sense, a bit top-down. This conflicts to some extent with the social movement approach to civil society—less formal, less organised, more bottom-up. The coming of digital has the opportunity to challenge lots of this and disrupt the systems. As Heimans and Timms put it: '*Old power works like a currency. It is held by a few... jealously guarded... closed, inaccessible and leader-driven... New power operates differently, like a currency. It is made by many... is open, participatory and peer driven... The goal with new power is not to hoard it but to channel it.*'²⁹

^{***} '*Community based initiatives have repeatedly demonstrated that local people rarely speak with one voice and their influence is not unambiguously positive...many local people support policies which would exacerbate rather than combat social exclusion.*' Foley, P., and Martin, S. (2000) *A new deal for community? Public participation in regeneration and local service delivery*. Policy and Politics, 28 (4), p.479-92

^{†††} In the purist view, community organisers '*have no agenda, and do not lead or do things on behalf of people*'. (Cameron et al 2015 *Community Organisers Programme: Evaluation Summary report*. NEF/IPSOS-MORI. p 3) but this seems pretty utopian.

CHAPTER 4: GIVING CIVIL SOCIETY A BOOST—AN AGENDA FOR CHANGE

How then do we get civil society really pumped up so that it makes the Shared Society real? So that it starts to answer some of the problems posed by the splintering of our nation revealed by the Brexit vote?

Our belief is that a search for one big policy move that solves everything is futile. If you were to ask the sector what it needed, it would probably talk about a big boost in funding from the government. And we do have one recommendation that falls into this category. But we know that, not only is a major injection of public sector funding pretty much a long shot in times of austerity, we also don't think it is necessarily the right path to tread given the importance of civil society's independence from the state.

Instead we have identified the areas in which we think bold action could make a difference, and suggest measures that could be taken within each one. This set of actions would in effect pull the levers—or set them at a different level—that means more of what is good about civil society can emerge. The changes we seek are in some cases related to 'hard' things—like funding, regulation and laws—but they also go into the key 'softer' areas of culture and ambition.

We suggest the following key moves:

- **Driving change in government to support the Shared Society:** Promoting the sector to turbo charge the agenda; changes in Whitehall to deliver this; raising its status, with targeted funds to plug gaps; ensuring a Cabinet minister and team with strong leadership in all key departments too.
- **Implementing a new regulatory and improvement regime:** Keeping the Charity Commission as the narrowly focused regulator and data source/collector but creating a new improvement agency to help promote good practice and stamp out bad practice.
- **Giving civil society a seat and a voice at the table of governance locally:** Making it part of every unitary local government and regional government set up to have a third sector chamber or other means of having a voice.
- **Controlling and using assets for social good:** Enabling third sector bodies to control, use or run assets not wanted or under-used by the state or private sector.
- **Asking the private sector to step forward:** Bringing in and promoting the concept of responsible business much more.
- **Bringing other players into the thinking of civil society:** Actively seek engagement from beyond the normal suspects in order to limit the chances of group think constraining innovation.
- **Boosting social capital and social infrastructure:** Monitoring progress on these issues down to very local levels and having funding earmarked to help support them.

Below we go into a bit more detail about what each of these might entail.

Driving change in government to support the Shared Society

If we are to take this agenda seriously—so that it becomes embedded in policy and is not here today and gone tomorrow—we need to build a political platform for this change of direction and of heart, and learn the lessons of other reforms. If we want a society based more upon what civil society brings and values, then our pursuit of it has to be for real—not a half-hearted attempt like the Big Society. Some will see a contradiction between saying 'we want to put the civil sector at the heart of our thinking' while turning in the first place to changes in central government approaches. But we see it as essential if this agenda is actually to take off.⁺⁺⁺ Our point is that change comes from challenging power and in our current system too much power lies within central government. So we aim to target that power and that influence. We need to change the mind-set within central government, but we are not naïve enough to think that the arguments in this pamphlet can do this job on their own. We need a sustained push from new institutions and actors to ensure that civil society becomes the heart of an agenda for progressive change.

Establishing institutions for a Shared Society

To start with this means creating some institutions at the heart of government to play a role in developing, researching, monitoring and championing this agenda. This is very much not a job for the Charity Commission—the needed regulator. The Council on Social Action from the Brown premiership period³⁰ and the creation of the Big Society Network in the Cameron one were attempts at this but the former was too informal, under-resourced and did not have enough time to have much impact. The latter fell into serious disrepute as it had large funds at its disposal with little accountability.

We propose a small, powerful body with status similar to that of the Low Pay Commission^{§§§}—which supported the introduction and progress of the minimum wage—that includes practitioners, academics and independents. It would make recommendations on ways that the government could support the sector better. Its reports would be presented annually to Parliament and be debated in both Houses.

Within central government the real need is for all departments to think about the social sector as they develop, implement and review their policies. But to ensure this happens there needs to be a strong body at the centre to champion the sector and it needs to be able to ensure that as far as possible Number 10 and Treasury back this approach^{****}. This means instead of having a body tucked away in the DCMS as we do now, **we should place a strong Office of Civil Society (OCS) at the heart of government, probably in the Cabinet Office.**

To make this a serious unit it needs a voice at the highest levels and to be able to have a powerful reach into each government department. This entails **giving a Cabinet position to the role of promoting the social economy and community activity**; and building civil society and philanthropy units in all mainstream departments, led by senior officials.

To support this function this person should also police **a new 'civil society policy test'** via a dedicated Cabinet Committee. This would mean that at all stages we would ask: could civil society help achieve this rather than the state? And what does this policy do to civil society? This is a very different approach from deciding policy and only at the end wondering if the voluntary sector can help out—generally because it is seen as cheap. Take the National Citizens Service (NCS) for example. Many feel that the objective of getting more youth volunteering

⁺⁺⁺ As one of the authors of the Big Society idea, Danny Kruger, says '*what's really needed to create a bigger society is, paradoxically, political leadership*'. (2014) 'The Big Society, public opinion and the new Socialism' in *The blue book of the voluntary sector civil society and the Conservative Party after the 2015 elections*. CAF/ACEVO. p 44

^{§§§} The LPC is an 'advisory non-departmental public body'. See <https://www.gov.uk/government/organisations/low-pay-commission>

^{****} See <https://www.instituteforgovernment.org.uk/events/government-and-voluntary-sector-how-should-government-manage-relationship> for some discussion of this issue.

could have been achieved much more cheaply and more effectively and in a way that supported local civil society better, by harnessing existing bodies rather than creating a brand new top-down one. Equally, such a test would put a premium on those contracting out services to really see if they can design the contracts in ways that do not almost automatically exclude the voluntary sector—especially the smaller end of it.

The civil society test would be published and discussed, opening up new debates and allowing new people into those debates. If liberation of the civic sector is wanted, then central government and Parliament need to find ways to generate information and debate but then get themselves out of the way of local government and communities. It could do this by setting up incentive and accountability structures that civil society would have its own reasons to self-enforce and pursue—with rewards of greater resources, revenue and genuine autonomy for those proving able to do this well. Over time we need to develop a system where we let local public opinion and democracy do its work in punishing the institutions that perform poorly, and promoting the ones that do well.

Expanding the social economy and civic action should be a goal of government. **A rolling government action plan** is needed here, and **key measures should be developed to monitor progress**. Good survey data is needed to understand what is going on. But the use of big data (including via social media etc) will help here, while the ESRC can fund more³¹, and Charity Commission data could be more fully exploited. Government should set up a Task Force to advise on this.

Taking the sector more seriously would also help. Andy Haldane, the Bank of England's chief economist, has done more on his own in this area than anyone in government through attempting to begin to value volunteering in GDP terms.³² **The Office of National Statistics (ONS) should be charged with intensifying work to assess and value the voluntary sector's contribution**, alongside OCS and DCLG.

Although not crucial, and not the reason that most people become involved in the sector, **it would help raise the status of the sector if all of the Queen's honours for at least one Parliamentary term went to volunteers, philanthropists, charity staff or other non-profit leaders** (with only a few special exceptions).

Providing resources for a Shared Society

Giving political strength to the idea of civil society will not get very far without at least some targeted central funding to meet key gaps. In recent years, such funding has reduced radically in the face of austerity, a weak lobby group to defend it, and a general lack of transparency as to what is actually being spent by Whitehall in this area. While it has many faults, a public commitment to a funding level for civil society—in the same way as has been done for overseas development—would be very valuable. Exactly what goes into this number is debateable and undoubtedly contested—should it include contracts that go to the third sector as well as grants, for instance?—but the move would help shift agendas. **We propose that the OCS produce a paper on quantifying what funding currently goes to the sector, using a variety of definitions—and that a full consultation is held on what the appropriate target should be.**

It is a moot point as to whether civil society activity should be further encouraged by tax breaks. To the extent that there are clear externalities from the activity of the sector, and that to be a registered charity you have to be acting in the public benefit (although this is very loosely defined at the moment) there is a case for this—though there is already decent tax treatment of charities. On the other hand, since the government has been very generous on tax breaks for those looking to provide repayable finance (social investment) with the Social Investment Tax Relief, there may be a case for going further in the grant funded world. **We propose a review of the efficacy of existing tax breaks for the sector to see if we want to configure them differently. This would be led by the HMRC but with strong input from the charity sector and independent experts like the Institute for Fiscal Studies.**

Resource is always a massive issue for the charity sector, including in terms of volunteer time. The Conservative manifesto had proposals to ensure that employees in larger firms were given three days off to do voluntary

work.³³ This seems a good approach and we need to see it enacted as soon as possible. We also have a few more ideas to increase the amount of employee volunteering activity later in this chapter.

Implementing a new regulatory and improvement regime

In most sectors—especially in the non-profit and public sector worlds—there is a need for both regulation and some way of pushing forward improvement. In the charity sector these roles are confused in the being of the Charity Commission (CC). We propose to keep the CC as an enforcer of the law and data source/collector but take the wider functions away from it by creating a new style of agile support to promote good practice and stamp out bad practice. While there are arguments that having these together is the best way forward (and this has recently been done in health with the creation of NHS Improvement) it feels very wrong to have best practice for what is an independent sector, controlled by a body that is in fact enforcing the law of the land. In any case, the CC at present is unable and disinclined to do much on the improvement side. The truth is that the third sector is wonderfully messy so a bespoke agency to regulate will have plenty of work to do. But **we need a bespoke body to drive innovation and new thinking to match it.**

We need a good civil society, but due the structure of the sector and the incentives it faces, this won't happen without some 'formal' attempt to spread best practice. So this is not about compulsory inspection, league tables or licenses to operate—which would of course not be appropriate for a sector proud of its independence from the state. It would instead be about helping the sector move forward with help from an organisation that does not have as its prime aim being the representation of its membership.

This new body—which we give the working title of Civil Society Improvement (CSI)—should be mainly funded by the state but be run independently of it by a partnership of the key sector bodies (as was the local government improvement agency, the IDeA). The government's job is to say it supports improvement and innovation in civil society and the CSI's job would be design appropriate responses in the light of that challenge. The CSI would take on a number of tasks:

- **Support improvement at individual organisation level.** We need to help every part of the sector get better, to focus more on achieving its mission and really making an impact. There are many ideas to do this—for instance those outlined in *What makes a good charity?* by NPC³⁴—including a focus on governance, appropriate risk taking, sensible financial management and the use of theories of change and data (of all kinds) to ensure that impact is being achieved. In addition we think that changes to regulation, for instance to insist that every charity submits a report each year on its impact, be considered by CSI and recommended to the Charity Commission if they feel this would work.³⁵
- **Support improvement at the sector level.** Crucial to this is ensuring that there is enough support for civil society, especially in areas that suffer from a lack of it: this is often, but not always, in more deprived areas. We need a mapping of the sector, showing how it is doing across different geographies and subject areas. To do this we need better data on what is going on and we need to bring data from different places together. It should be easy these days (at least in principle) to construct this with respect to registered charities, by using the Charity Commission data set. It could be even easier to map funding via philanthropic and charitable funders given that the excellent 360 Giving³⁶ funding data initiative is taking hold of the sector (and arguably should be compulsory as a condition of receiving tax breaks). But it will always be trickier to map the below-the-radar, small community groups. The CSI would be responsible for assembling this data and publishing reports on it. Having done that, all players will need to be involved to see how to skew funding towards the areas in need, using bodies like community foundations as a way forward as well.
- **Create a more coherent sector.** We want to use data and other methods to nudge the sector to be more rational around decisions to set up new charities, and around working more closely together (or even merging activity completely). The data collected by the Charity Commission should allow charities to be told both on set up and annually, what other organisations in the same geographic and topic area exist and how they

have been faring.³⁷ CSI could also publish regular reports on this, focused at local as well as national and sub-regional levels. Such approaches would help influence the healthy evolution of the sector without coming in the way of the fundamental 'right' for someone to set up a charity simply because they want to.

In addition the CSI would encourage more collaboration amongst charities (and funders) where it has potential to increase the impact that the sector has. This collaboration would include: using common approaches to metrics within fields³⁸; sharing knowledge and evaluation findings; and seeing what scope there is for players in the same area to work together though 'collective' theories of change³⁹.

To support this work, we also need an actor there to protect the rights of the sector. Charities need to be given the freedom to speak out on things that they believe in—while avoiding the danger of being overtly political. Government may say that restrictions like the Lobbying Act, should not stop this. But it has undoubtedly had a chilling effect on the sector.⁴⁰ And at local level, small charities are wary of annoying the hand that may feed them—and are self-censoring. This leads to an unhealthy situation where a key part of a pluralistic well-functioning democracy is not working. At the very least **we need a convention or charter, policed by a new Civil Society Ombudsman, which guarantees the right for charities to speak out and blocks attempt by governments to stop this.**

Lastly, it is vital to the health of the sector that it is as transparent as possible. Subject to the quality of the data and the burdens that reporting on it might entail (especially for smaller charities), **charities should have to report more data to the CC** including on the amount spent on campaigning, the income that comes from contracts and so on.⁴¹ Amongst other things, if more data were collected and easily searchable an ordinary donor would easily be able to match their preferences with a selection of charities (eg, based on size, geography, funding sources, expenditure pattern).

Giving civil society a seat and a voice at the table of governance locally

Charities achieve a lot by delivering services, by being a voice to Whitehall for those excluded, and by pushing new agendas onto the political map. However, some of the greatest contributions that civil society brings tend to come in at smaller spatial areas where local context is crucial, and where small charities and local community groups dominate. This points to the need for change at regional, sub-regional, town, council and parish level.

In terms of governance, we would like the voluntary sector to be guaranteed a right to be heard at all levels. In some case this may mean representatives from the sector having places on decision-making boards and bodies. But we do not want to insist on one institutional mechanism. We prefer to promote variety and innovation. Instead, all public bodies should be asked: how are you including the voices of the civil society in your decision-making? And civil society and researchers should be tasked with offering examples of best practice and diverse ways of getting that voice heard. In the newly forming 'devo' areas, this should be built in right from the start—and indeed is one of the potential gains from this new mayor-led institution.

But there are many other local arms of the state these days, with varying degrees of autonomy from Whitehall. These include clinical commissioning groups, academy schools and chains, prison governors, and police and crime commissioners. All of them find it difficult to interact with social sector and vice versa.⁴² At this level, too, we need to find ways of including the voluntary sector's voice within governance, as well as having open data about the number of contracts (and their value) going to the sector, and having sensible data sharing protocols and systems. **We propose that each public service develops and publishes an action plan for consulting and involving the voluntary sector that is scrutinised not only by the relevant subject Select Committee but by the Charities Committee of the House of Lords⁺⁺⁺.**

⁺⁺⁺ This committee is currently an ad hoc one. We suggest it becomes permanent.

In the past, to try to get decision making and communication better between the sector and local government, the two sides signed a **Compact** at national level⁴³—as well as many at local level⁴⁴. There are varying degrees of view as to how well this worked, but something like it at local level is undoubtedly valuable.

Many argue that we need to cling on to grants—as contracts are often a poor tool to help this sector. We would welcome this, but see little prospect of much action here given tight spending constraints, especially on local government⁴⁵. Our proposals, therefore, are not so much about the quantity or type of funding but about how public bodies think about and interact with the voluntary sector.⁴⁶

Controlling and using assets for social good

One way of creating more of a space for the community sector over the last decade has been to allow them in different ways to take over community assets and to be able to offer to take over service delivery. This agenda was pursued with vigour by Hazel Blears as Secretary of State for Communities and Local Government in the later 2000s. It has had more legs in recent years as local government finds it can no longer afford to run many community assets (like libraries) or as the private sector has no longer wanted to keep them going (pubs being a prime example).

At present there is legislation that helps community groups move forward on taking assets over, giving them rights to bid to take over services and so on.⁴⁷ There is also now a grant making body, Power to Change, that supports community businesses.⁴⁸ There are however complaints as to how these processes work⁴⁹, with calls for councils to have publicly available registers of assets. And the impact of Power to Change is as yet unknown given it as not been going very long. **The system is ripe for a proper external evaluation and review.**

Much of the public sector and many companies have assets that they could let civil society use either in an ad hoc way or more regularly. Indeed many do this already, for instance supermarkets making their office spaces available for meetings or their outside spaces for charity stalls. **We think that this should be done in a more systematic way with firms, councils and other bodies encouraged to be transparent about what they are offering.**

Asking the private sector to step forward

Communities and workers are under a great deal of pressure these days—and at least some of this comes as a consequence of decisions made by private sector actors. It is at that point that civil society and charities (along with the public sector) then have to pick up the pieces.

It has not always been like this. There is a great Victorian past where business leaders and entrepreneurs took some responsibility for looking after their workforce and the communities that they were located in. Certainly this was done as much from a fear of social unrest as from pure altruism; but is the anger and division the Brexit vote revealed that different? We need that business spirit to be rekindled and resurrected.

There are some signs that some at least in the business community recognises this. The government recently published a consultation and advisory panel view on mission-led businesses⁵⁰, while the business body that cares about these issues, Business in the Community, has been upping its rhetoric⁵¹. Bank of England governor Mark Carney recently talked about the need for inclusive growth⁵² and a new paper from a right-leaning think tank, the Centre for Social Justice (CSJ), also pushed on this approach⁵³.

This element of change would tilt the objectives of companies to take far more account of social and environmental outcomes and pursuing the actions outlined in the CSJ report—like **reviewing the Companies Act and what it says about the balance between shareholder and other interests; allowing firms to make a 'purpose declaration' to signal that their role goes beyond mere profit maximisation; and strengthening**

the Social Value Act—would be a decent start. But we also need to hark back to those Victorian leaders to ensure a commitment for some of the profits made to be explicitly used to support communities. In the past, many included those sorts of things in their CSR or a bit of corporate philanthropy. The challenge is to bring it into the strategic core so that managers are encouraged and supported to do all of this and are given status for succeeding in them.

We could also create a favourable incentive structure for businesses to want to work more with charities. Business—particularly smaller ones—could be offered local rate relief against spending on supporting local civic activity that benefits the community.

We can also learn from the practices of Nudge theory⁵⁴. Indeed, the sector already has started using Nudge theory in the way it tries to raise funds: by using default decision-making by encouraging donation by standing orders, for example; or by making people aware of how much others give in order to encourage them to respond likewise. Translating some of these initiatives into measures to increase voluntary engagement has proved more difficult.⁵⁵ But there is plenty of scope for new ideas, and some of these should be about encouraging businesses to think about supporting the sector by using Nudge. We already have the idea of a default amount of time that larger companies should allow staff to take time off to undertake voluntary activity. But we could go further, by strongly promoting good performers in order to encourage others to think about matching them. Another option is to get leading businesses to sign a pledge about their level of support for volunteering so tying them to deliver and encouraging others.

Bringing other players into the thinking of civil society

There is always a danger in any sector of group think. Civil society organisations should be trying hard to get in new recruitment at all levels and to embrace new types of experiences. **The third sector needs to engage with those who they don't always think of as relevant or even as natural allies**—the businesses and other 'surprising friends'⁵⁶ that can often make the difference.

There are of course significant constraints here. Not everyone has the time, inclination, or sense that engagement with the charity and civil society sector is right for them. But there are ways in which these issues might be addressed. Getting involved can mean physically attending meetings, but in today's internet age it should not always be that someone must be physically present to engage in decision-making. Thinking harder about how to run events and meetings so they are inclusive is also needed. Targeting particular groups or skills that are missing should be on the agenda of all trustees. There is now a mass of new practice about democratic innovations from around the world⁵⁷ and we need to share this latest practice and encourage the choice of models to suit particular circumstances.

Boosting social capital and social infrastructure—including through social media

Many of the ideas above are about helping secure a more powerful role for 'organised' civil society, although some of them also apply to community groups including encouraging new ones to form (to take over community assets for instance). But there is also a case for simply encouraging more civil activity and activism; for helping communities and individuals to express their views and concerns and to act upon them. **The current government has promoted this to some extent, funding the creation of community organisers⁵⁸ and this programme should be kept under review to see how well it works.**

From another angle, there is a case for councils to be encouraged—or even funded—to bring back versions of the old community development officers. **We also need to see planning policy reformed to give due weight to**

allowing a focus on creating spaces where people interact, get to know their neighbours and find other people to associate with. It is a great deal about creating spaces where 'acts of kindness' can take place.⁵⁹

Boosting social capital is as much about supporting 'associative' activities like sports clubs and dance classes, as it is about funding one off things like the Big Lunch⁶⁰ and the Big Local⁶¹. When funders of all types, but especially public sector ones, are considering the cost effectiveness of grants and contracts, they should be taking these options into account.

In addition, the digital age opens up new opportunities here too. Bennett and Segerberg⁶² distinguish between two logics of political action that could equally be applied to civil society. One of them is the logic of collective action, which rests on the classic political dilemma about how to get enough people with different interests and prospects for engagement to mobilise around an issue. Its solutions are to get the right leadership, bring campaign resources into play and frame the issue to maximise its appeal. Broadly it is a top-down form of organising that is very familiar to politics. But the digital era opens up a different connective way of organising that relies on 'people in a crowd', some with digital skills organising and communicating in the here-and-now about issues and agreeing to move from their personal stories of concern to take joint action. Understood in this way, the digital world opens up the possibility of a new politics, and new ways for citizens to engage. The logic of connective action is changing politics and it is and will be a part of the new civil society. It should not be resisted just because it is different from the classic logic of organised collective action but rather embraced.

For civil society umbrella organisations the challenge is to be open to and resource for this more spontaneous and dynamic form of organisation. The key will be to both engage digitally and create a Shared Society that operates online as well as offline. Funding from businesses and government could be directed at ensuring the sector is up to speed on these methods.⁺⁺⁺

There are two other key things that are needed to allow activity that creates social capital to take place.

- **A move to help preserve 'social infrastructure'**. This is the local physical and social networks that enable connections to be made, that allow social capital to grow, and that is the glue that keeps communities going. Here we mean everything from libraries and parks to sports facilities and meals on wheels. Of course not all of these serve this purpose, and the definitions are hard—for instance, is the NHS part of it or not? But **we think it vital that the government prepares a social infrastructure index**, looking at the aggregate and local level as to what is happening to these assets. At the very least it will provoke a debate about whether we are always cutting the right things⁶³.
- **A fund to support this type of work** controlled at the local level⁶⁴. This would probably need to be ring fenced and have some kind of dual sign off for its distribution both by the local council and the local community foundation and/or local CVS. Does this make any sense in times of austerity when there are clearly competing demands on resources? The answer may be that it is very difficult, but the point we want to make is that if policy makers want to make a difference here they will have to put in some resource. Not all can come from voluntary donations, not least as much of what the sector does is a collective good, so is inevitably under-funded. More practically getting the core costs of charities and community groups and their infrastructure bodies—like the local CVS—is very hard to raise private money for.

Where would the money come from for this fund? This must be a national funding pot so that we have some redistribution going on. In the first instance we could put all the bits and pieces that government dishes out in grants and so on—from anything from encouraging social investment to spending Libor fine money – and use at least a proportion of it for this purpose. We could also look at some budgets that are also aimed at social capital type ideas—like the NCS—and reallocate some of them. One could also bias the tax breaks available towards

⁺⁺⁺ Although note the danger that 'the excitement and hype associated with this recent, self-styled, hip, urban, technological version of social innovation serves to distract policymakers and resource allocators from the critical maintenance work of civil society, charities and communities which hold our very economy together.' Gregory, D. (2016) *The new car smell: Social innovation, maintenance and civil society* p. 5.

areas suffering from a lack of social capital and infrastructure, by establishing so-called Giving Zones, where philanthropic donations carry more tax relief than in other areas⁶⁵. In the second instance, we could get the Big Lottery Fund to direct its money more in this way. Third, and most radically we could look to new taxes (or an increase in existing taxes) that could be hypothecated to it. A sum of £1bn, say, would make a big difference to our ability to secure social capital but would be relatively small fry in the great scheme of things.^{§§§§}

^{§§§§} There is also the very live possibility of using money from dormant bank accounts for this purpose. See <http://www.bbc.co.uk/news/uk-politics-39151754>

CONCLUSION—AND A CALL TO ACTION

For too long civil society has been seen as afterthought; left behind in the rush to modernisation through the state and the market. But 21st century Britain requires civil society more than ever. It gives meaning to people's lives, it expresses mutuality and it creates a dynamic of creativity and autonomy. The 20th century saw the state and market triumph; the 21st century should see a civil society fight back.

Civil society can be disorganised. It can be unfocused. But in different ways it can also deliver the sense of solidarity, cooperation and mutual respect that is vital to building a Britain that is at ease with itself. If the Shared Society is to mean anything at all it must put civil society firmly at its core.

This insight is one we want to proclaim loudly. We believe that progressive thinking has been muddled and uncertain about civil society in the past, and as a consequence policy measures in this area have overall been ineffective. This pamphlet is both an argument drawing on evidence and a call for action. We seek to persuade with the idea that civil society should be at the heart of delivering a progressive agenda. But equally we seek to mobilise institutional, financial, and informational resources to support a dynamic of change on the ground. Government must play its part. Business will have a key role. But above all we think civil society should be seen as the lynchpin. We hope that this pamphlet helps opens up this debate.

Acknowledgements and thanks

Many thanks to all those who commented on drafts of this paper and attended a roundtable to discuss it. None are responsible for our analysis or conclusions. These include Simon Szreter, Gavin Kelly, Ben Jupp, Charlotte Ravenscroft, John O'Brien, Anna Randle, Alex Smith, Patrick Murray, David Robinson, Campbell Robb, Elizabeth Chamberlain and Peter John.

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TRANSFORMING THE CHARITY SECTOR

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. 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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