

BEING BETTER—DOING BETTER

The case for a Civil Society Improvement agency

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Introduction

This short discussion paper makes the case for being more proactive about trying to improve civil society, and reflects on how this might be achieved.

It examines the option of existing bodies doing more, which could be one way of proceeding, but argues that this is unlikely to be the best way forward—as this is not what has been done in the past.

Instead, this paper outlines the idea of a new agency, run by and for the sector, which puts peer review front and centre of its work and sees civil society taking responsibility for its own improvement. Funding and governance are examined as key issues which need to be addressed.

This paper has benefited from a whole host of discussions, comments and insights and two roundtables with those in the charity sector, and also those familiar with the way that things work in local government. We are grateful to all of them, although we take full responsibility for the ideas presented in this paper.

1. The case for making ‘improvement’ of civil society a key aim

In an ideal world, we would want a social sector that is effective, efficient, diverse, working in the places and for the causes that most need it, learning from each other, collaborating where it makes sense (both within the sector and across other sectors), and constantly striving to be better and do better.

As we know, due to its very nature, there are surprisingly few forces pushing civil society in this direction¹. In contrast, there is an argument that the very ‘voluntary’ nature of civil society means that we should not strive too hard for these things. Charities pop up where people want to offer their labour, energy and funding. It is not always rational. The result is that many people don’t see optimising effectiveness as the key purpose of the sector.

At NPC, whilst recognising the strength of the social sector as being different from that of the private and public sectors, we think that striving for a better sector is the right way to go, as I argued in my 2018 Ignites speech². At present, the geographic spread of the sector does not correlate well with deprivation—there is oversupply of charities in some sectors and under supply in others. Many charities are not clear about what they are trying to achieve, or if they could do a better job. Given that the sector is supposed to be mission-centred, collaboration is surprisingly rare relative to organisational focus.

¹ <https://www.thinknpc.org/resource-hub/how-do-we-drive-productivity-and-innovation-in-the-charity-sector/>

² <https://www.thinknpc.org/resource-hub/where-next-for-charities-and-civil-society/>

We clearly do not want some kind of top down target or inspection-driven approach. We know that this has produced mixed results in the public sector and, in any case, is totally inappropriate in the voluntary sector. But we do believe there is a 'half-way house', where the sector takes more collective responsibility and challenges itself to improve, to learn and to innovate to be the best that it can be. This needs to go beyond rallying cries for better behaviours³, important though these are for inspiring action and clearing some space for action.

The question is, how do we go about this?

2. Why not have the Charity Commission do this?

A strong regulator is important for reassuring the public of the charity sector's legitimacy, and thereby building and maintaining trust in the sector. The role of the Charity Commission, in overseeing the registration and behaviour of charities, should give confidence to the public, donors and users that the charities on its active register are legal and that there is data available to check that they are financially sound. At NPC, we argue that more data should be collected and made available, not least on impact, to help go a fair bit further than this.

This need for public trust in charities has grown more intense in recent years. Charities have not been immune to the increasing scrutiny faced by all organisations and sectors. For charities to thrive and deliver impact, they need a strong relationship with the public, grounded in trust. Our State of the Sector research⁴ showed that some parts of the sector are still not grasping the importance of their relationship with the public, thinking about public trust only through a fundraising lens. A third of those we interviewed did not think that a decline in trust in the charity sector would affect them at all.

Despite this context, some in the sector want the Charity Commission to also perform the role of supporting the sector and indeed of championing it. We agree that as well as a strong regulator, a healthy charity sector ecosystem needs a critical friend. Someone to analyse meaningful data (mainly collected by the Charity Commission) and to support improvement in the sector.

However, we believe that the supporting and improving role should not be confused with the task of effective regulation. This is not a job for the Charity Commission and it would be wrong to task the Charity Commission with both roles, not least given its financial constraints.

As has been argued in other sectors, effective regulation can be a spur to improvement. It is crucial to get the regulator and the improvement function working well together, even if they are in different bodies. The Charity Commission will therefore need to work closely with whatever mechanism is chosen to promote improvement in the sector (and vice versa), as we discuss below.

3. Can existing bodies play the improvement role?

The social sector is blessed with many membership bodies, ranging from those covering charities in all sectors (NCVO, ACEVO, ACF), to those that focus on local ones (Locality, NAVCA, UKCF etc), those that act only locally (local CVSs etc), and those that act within subsectors or localities (Richmond Group, Clinks, the AMRC). There are also relevant bodies in the devolved nations.

³ <https://civilsocietyfutures.shorthandstories.com/the-story-of-our-future/index.html>

⁴ <https://www.thinknpc.org/resource-hub/charities-taking-charge/>

These representative sector bodies certainly should carry out championing, representation and advocacy roles, and so they tend to focus on them. Of course, they do some of the improvement style work, not least by bringing people together in seminars, events, and through guides and so on—and long may it continue. But the incentives they face will never make pushing improvement hard at their members their key priority. Their lack of independence will make them pull their punches, and their remit naturally focuses on those who pay their membership fees.

In addition, many intermediaries, consultancies and think tanks (including NPC) aim to play an improvement role in civil society—highlighting best practice, looking at new frontiers, providing opportunities for shared learning, and doing individual work for charities and foundations. But again, they do not quite do enough of what is needed and they can only work with those who choose to engage with them and pay them, at least in their consultancy work.

This means that, while not impossible, it would be a very big challenge and a stretch to see existing bodies play this improvement role fully. Perhaps new leadership in some key organisations will change that assumption, but ideally we would not want one single membership organisation (especially if it were only England) to play this role. A range of interests and approaches should be represented, along with an independence that allows them the freedom to act as they see fit.

4. A Civil Society Improvement agency (CSI)

We therefore think that there is a strong case for the establishment of a new, independent (but sector-led) body that will support improvement and share best practice. We have provisionally called this body the Civil Society Improvement Agency (CSI).

What would the Civil Society Improvement agency do?

An independent CSI would share and promote best practice to help improve the effectiveness of the sector. It might do this through showcasing good practice and undertaking analysis of data collected by the Charity Commission and others, to identify trends and issues both at national and subnational levels. It might want to provide training and run courses for the sector, as well as convening peer networks, focusing on improvement and ensuring that it did not duplicate but built upon what others in the sector are doing already.

What would a Civil Society Improvement Agency do?

Provide a gateway/focal point/starting point for charities to access curated expertise, data, research, training, practical advice (mainly via the peer review process) and to be exposed to new issues and ideas on:

- Understanding the environment they are working within (e.g. data on deprivation/need, funding, the number and the types of charities in their area etc);
- Good governance;
- Improving measurement and evaluation practice;
- Utilising evidence to inform effective design of effective interventions;
- Improving operations functions;
- Undertaking 'deep dives' on issues of particular concern to the sector;
- Identifying organisations and individuals with mutual interests to collaborate with/partner with;
- Understanding how critical agendas, like digital and diversity, can be successfully embraced.

Crucially, a CSI would organise and oversee peer reviews of charities. This has been found to be a powerful, inclusive, bottom-up approach to improvement in other sectors, but it is largely absent in the social sector. We would argue that our sector needs this kind of work even more than other sectors, given the lack of available benchmarking and other comparative data, and the heterogeneity of the sector.

What is peer review?

Peer review involves groups of leaders (executives and trustees) from different charities giving up their time to visit, interrogate and help deliver feedback to another charity about whatever aspect that charity is interested in having feedback on. For operational services, additional expertise from within or outside the sector can be involved.

Increasingly there would also be engagement and involvement of users and beneficiaries as well. The results are reported back to the charity's trustees and senior management. They can also be published, possibly in an aggregate way, to help learning—although that is not always essential. Experience in the local government world shows that this kind of peer support is greatly valued, is not seen as threatening, and often provokes change.

Time and resource issues affect charity leaders' ability to do this, but in local government they have found involvement in peer review very beneficial for the reviewers, and hence their own organisation, so they have often managed to find the resource and time.

There are issues as to how to make this work best in the charity sector, given the competition for resources, visibility and so on. It's also debatable whether it should be done within subsectors, to increase the commonality across organisations, or further afield, to spread the learning. It would be wise to pilot peer reviews before working out what model works best and in what circumstances.

Precedents for such an improvement agency, separate from the regulator, exist in local government and from within the charity sector in the social care area. The Improvement and Development Agency for Local Government's (IDeA) role was to support and challenge councils to improve, share best practice and build capacity in the local government workforce.

IDeA was a member of the Local Government Association (LGA) network, the infrastructure body for local government, and was joint funded by local authorities and the top slice of the rate support grant (an amount deducted from the total financial pot handed to local government), together with some direct government funding for particular services where improvement was deemed a priority. The improvement function has, in recent years (since 2010), been brought in-house at the LGA where it has continued successfully.

The box below gives a high-level picture of how it worked and why it worked, which raises some issues for how this might work in the charity sector. One issue to resolve is whether a CSI and peer review process should be mainly aimed at trustees or executives, or a combination of the two.

How the Improvement and Development Agency for Local Government (IDeA) worked

The IDeA was set up in 1998, emerging from the previous local government management organisation. It was a member of the Local Government Association (LGA) network, the membership infrastructure body for local government, but was a separate company and independent from it. The IDeA was joint funded by local authorities, grant funding from UK government departments, and the top slice of the rate support grant.

Its main activity was peer review (see box above). In addition, there were sometimes focused peer reviews and 'deep dives' into areas like libraries, planning, or children's services.

Successful peer review involved a number of factors. A recent review of its success by Professor Steve Martin¹ highlighted these key elements:

- **The quality and credibility of the challenge teams**—experienced and respected peers are needed. They typically include a council leader, a chief executive and one or two other senior officers, plus someone from outside the sector.
- **The overall framework for the challenge process** which sets out some of the 'core components' of what a good or 'ideal' organisation would look like. This was based on extensive consultation which gave the reviews legitimacy, consistency and a common language.
- **The preparation that is done by the staff** before a challenge visit to make sure that it is focused on the right issues and that it has the right challenge team for the authority.
- **The work done after the visit** to encourage councils to act on the findings and to seek further help where it is needed. The results of these peer reviews were published, something that would need to be handled carefully in the charity sector given the competition for funding. According to those involved in peer review, very often they got to the heart of governance relationships going wrong—something familiar in the charity sector.

Overall, those who we have consulted in the local government world felt that the idea of peer review steadily took hold as a part of a broader understanding of what a good leader in the sector should welcome and be part of. Encouragingly, this culture has endured beyond the formal end of the IDeA.

Footnote 1: <https://local.gov.uk/sites/default/files/documents/Rising%20to%20the%20Challenge%20February%202017%20-%20FINAL.PDF>

Interestingly, while the Audit Commission (abolished 2015) performed the role of regulating local authorities, and was entirely funded by government, it also did quite a lot of high-level work to encourage improvement. This included publishing data, benchmarks, and reviews in particular service areas like governance. All of which helped councils to compare themselves to others and to become familiar with new agendas (whilst leaving the practical task of frontline improvement to the IDeA).

The Audit Commission, as a regulator, and the IDeA, as a provider of hands-on practical support, worked well together. In our proposal, some of this type of work would be for a CSI, quite possibly in conjunction with the Charity Commission and also other regulators in certain areas.

In the social care sector, while the Care Quality Commission (CQC) regulates providers, there are a number of bodies established to support improvement across health and social care. For example, the Social Care Institute for Excellence (SCIE) supports services for adults, families and children, health, social care, and housing services with funding from government. Likewise, Skills for Care supports the social care workforce.

If a CSI had a presence at national level, we believe that working with the regulators would be best. However, it would be worth thinking about whether this kind of agency could also be useful if it worked at times or exclusively at a more local or regional level, rather than a national one—especially if the latter seemed too ambitious. Metro-level bodies could set up a metro-level CSI, which would also tie in with the increasing focus on place.

In addition, a CSI might want to do a lot of its work at subsector levels (children's services, mental health, homelessness, community facilities etc). Peer review focused around 'like for like' charities makes some sense and could involve other sectors active in these services as well. This may also apply in terms of the size of a charity.

What would be beyond the scope of a Civil Society Improvement agency?

Whilst a CSI would support charities to improve their impact, it would not make the case for the sector and act as a vehicle for fundraising and communications. This would primarily remain the role of the key membership bodies and charities themselves. Its role would be to encourage improvement and learning. It would not have any powers to insist on this. It would not rank charities in league tables, like Ofsted for instance.

A CSI would not detract from the importance of the Charity Commission, nor divert any significant part of its funding. The regulatory role of the Charity Commission would be strengthened by this proposal, as the Commission could focus with greater clarity on regulation.

There would be a great degree of communication across both bodies. The Commission might, for instance, flag parts of the sector most in need of support to a CSI. In addition, just as the IDeA functioned well alongside bodies like the LGA, the professional associations like CIPFA, SOLACE (the body for chief executives), and the Association of Directors of Adult and Children's Services, we expect a CSI to work well with NCVO, ACEVO, DFG, CAS and so on, and not duplicate what they do.

How should a Civil Society Improvement agency be funded?

The issues of funding and governance are conceptual rather secondary, but we will need to address them if this is to become a reality and so we will look at them briefly here. In a sector where money is always tight, there will also need to be consideration of whether one can justify a stand-alone agency. We think there is, but it is a debateable point.

A CSI should not detract government funding away from the Charity Commission but it would definitely need funding. There are a few options here:

- **First, a CSI could be joint funded by the sector and the government, with most of the funding coming from the public sector.** This is in line with the IDeA/Audit Commission model.

A healthy, well-functioning and impactful civil society is of great benefit to our society and economy, as Corry and Stoker argued in [an NPC pamphlet in 2017](#). These externalities, from a strong sector, more than justify the use of public funding. Any funding from the sector would need to be proportional to the size and income of the charities. If there was a high proportion of government funding, then the governance would need to make sure that it did not make the organisation feel like a government agency (see below).

- **Second, it could be self-funded outside of any statutory source, so that it is completely independent.** Peer reviews could be paid for by the non-profits, with a charge related to some cross subsidy and the non-profit's size.

As it is also a strong development opportunity to be on a peer review team, it might be possible to charge a nominal amount for a charity to have someone as part of the review team. There would then need to be funding via bodies like foundations, grant-makers, corporates and Big Society Capital. The Charity Commission could cut down a CSI's needs by preparing data in helpful ways, such as identifying trends etc. However, the management of the interface with charities and also the organisation of the professional support for the peer reviews would need proper management and resources.

How would a Civil Society Improvement agency be governed?

It is vital that a CSI is independent of government despite government funding, and is seen to be so, although governance will have to follow funding to some extent. Many bodies operate in this way, including previously the IDeA. We would therefore propose that the majority of a CSI board consist of representatives from the charity sector itself. There may be a role for independents and co-optees as well.

There should be representation from sector bodies like NCVO, ACEVO or CFG. Their buy-in is essential but should not be dominant or controlling. We still want a CSI to be different from them. Governance needs to be independent and to avoid becoming embroiled in bureaucracy, which probably means a relatively slim organisation.

It is worth noting that while this agency could be all encompassing and do most of the delivery, it could also be small and lean, working with associates rather than large staff. It could commission whoever was best among existing organisations to lead a peer review or a bigger piece of work.

Who would lead its creation?

The first leader to take this forward will need to be someone with cross-sector credibility, including from charities, funders, infrastructure bodies, or organisations representing beneficiaries. They therefore need to have a degree of independence from all of these but with experience of coordinating between different stakeholders, or at least some experience of several of them, so as to appear neutral and bring legitimacy. The cheerleading aspect of the role means that it needs to be someone charismatic but also someone who isn't too outspoken or controversial.

5. Moving forward

The ideas expressed here are intended both to provoke and stimulate a debate. The debate is first around whether we should indeed be caring more as a sector about the health and impact of our sector. For the voluntary sector, this is quite a profound issue, as discussed earlier. And secondly, we have put forward the bare bones of an idea for taking this improvement role forward, through creating a new and independent but sector led agency.

Colleagues and commentators may agree with some of this and not with others. Consensus is unlikely. It may be that we should first try to pilot some of these ideas through existing bodies (especially the feasibility and effectiveness of peer review) before deciding if peer review can work well in the sector. Or is a separate body needed or can existing bodies, especially NCVO and its equivalents in Scotland, Wales and Northern Ireland, take on at least part of this task.

We look forward to a good debate and in due course—depending on the outcome of that—pursuing and advocating for some, or all, of these ideas.

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