
The Red Book of the Voluntary Sector

Civil Society and the Labour Party
after the 2015 election

With a foreword by the Rt Hon Ed Miliband MP

CAF Charities Aid
Foundation

acevo
Charity Leaders Network

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ACEVO

Regent's Wharf

8 All Saints Street

London N1 9RL

Tel: 020 7014 4600

www.acevo.org.uk

CAF (Charities Aid Foundation)

25 Kings Hill Avenue

Kings Hill

West Malling

Kent ME19 4TA

Tel: 03000 123 000

www.cafonline.org

ACEVO Director of Public Policy: Asheem Singh

ACEVO Policy Officer: George Bangham

CAF Campaigns Manager: Steve Clapperton

Email: policy@acevo.org.uk

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ABOUT THE AUTHORS

Rt Hon Ed Miliband MP is Member of Parliament for Doncaster North and Leader of the Labour Party.

Sir Stephen Bubb is Chief Executive of ACEVO and Chair of the Social Investment Business. He was a councillor in Lambeth and an active member of the health authorities for Guys and St Thomas' for over two decades.

Dr John Low CBE is Chief Executive of Charities Aid Foundation. Previously Chief Executive of the Royal National Institute for Deaf People (RNID), he is also a Director of the Euclid Network of European Third Sector Leaders.

Lisa Nandy MP has been Member of Parliament for Wigan since 2010 and Shadow Minister for Civil Society since 2013. Before her election to Parliament she worked in the voluntary sector for eight years.

Rt Hon Hilary Benn MP is Member of Parliament for Leeds Central and the Shadow Secretary of State for Communities and Local Government. Previously, he served as International Development Secretary, as a Minister in

ABOUT THE AUTHORS

the Home Office, as Secretary of State at the Department for the Environment, Food and Rural Affairs and as the Shadow Leader of the House of Commons.

Rt Hon Hazel Blears MP has been Member of Parliament for Salford since 1997. From 2007 to 2009, Hazel was Secretary of State for Communities and Local Government.

Rt Hon David Blunkett MP has been Member of Parliament for Sheffield Brightside and Hillsborough since 2010. Previously, he served as Secretary of State for Work and Pensions (2005–05), Home Secretary (2001–04), Secretary of State for Education and Employment (1997–01).

Susan Elan Jones MP has been the Member of Parliament for Clwyd South since 2010. She is also Co-Chair of the All-Party Parliamentary Group on Civil Society and Volunteering (Charities) and Vice Chair of the All-Party Parliamentary Group for the Wood Panel Industry.

Mark Ferguson is editor of the influential blog Labour-List. Before joining the site he worked as a teacher and a social science researcher in Paris.

Malik Gul is the Director of Wandsworth Community Empowerment Network and has worked for the organization since its inception. He has 30 years of experience in the voluntary and community sector and spent over

a decade at the University of Warwick reading Public Administration.

Dianne Hayter, Baroness Hayter of Kentish Town, is a Labour Life Peer in the House of Lords, where she often speaks from the front bench regarding the Cabinet Office and consumer affairs. She has served on Labour's National Executive Committee since 1998, and while working in the charity sector she was a founding member of ACEVO.

Sadiq Khan MP has lived in Wandsworth all his life and has been the Member of Parliament for Tooting since 2005. Prior to this, he was a Wandsworth councillor for 12 years.

Rt Hon David Lammy MP has been Member of Parliament for Tottenham since 2000. He served 9 years (2001–10) as a Minister in the last Labour government and was made a Privy Councillor in 2008. He is now an active backbench MP.

Chi Onwurah MP has been Member of Parliament for Newcastle since 2010. She is a Shadow Minister in the Cabinet Office with responsibility for social enterprise and digital government.

Steve Reed MP OBE is Member of Parliament for Croydon North, Shadow Home Office Minister, and formerly leader of Lambeth Council and Deputy Chairman of the Local Government Association.

ABOUT THE AUTHORS

Will Straw leads the Institute for Public Policy Research's work on energy, climate change, the EU and industrial policy issues. Before joining IPPR in 2011, Will was the founding editor of Left Foot Forward, one of Britain's leading political blogs.

Gareth Thomas MP has been Labour and Co-operative Member of Parliament for Harrow West since the 1997 General Election. He is Chair of the Co-operative Party.

FOREWORD

Rt Hon Ed Miliband MP

I'm delighted to welcome the publication of CAF and LACEVO's Red Book of the Voluntary Sector. This collection of essays shows the depth and vibrancy of thinking across the Labour movement on this important issue and makes a vital contribution to the debate in the run-up to the next election.

My first job in government was as Minister for the Third Sector, where I saw first-hand the contribution that charities and voluntary groups make to British life. The dedication and commitment of people working or volunteering their time for causes close to their heart. The values of community and collectivism in action. A range of organizations, big and small, united in a desire to make Britain a better place to live.

I am proud of Labour's record on strengthening civil society and the voluntary sector. Sadly, under this Government much of Labour's good work is being undone. David Cameron talked about a 'Big Society', yet this Government has undermined the voluntary sector. From the Lobbying Act, which seeks to silence the independent voice of charities that make such a valuable contribution

to national debate, to the lack of political focus on and support for the sector, the reality is that things are getting harder, not easier, for charities and community groups.

I am determined to change this. In Labour, we don't see charity as simply a cut-price replacement for public services, but celebrate the values and contribution of the voluntary sector in its own right. And if we care about vibrant communities and strong civic institutions that bind us together, then governments must act to support them when they need it.

The Lobbying Act has done much damage to the relationship between civil society and government and threatens the ability of the sector to speak up and call for change. So we will repeal it and ensure that charities and campaigners can continue to hold government to account.

The voluntary sector also has a vital role in the delivery of public services. In local government around the country Labour has demonstrated how voluntary and community organizations can be an integral part of the shift to people-powered public services, putting citizens at the heart of shaping the way their services are delivered. Labour is committed to working in partnership with the sector to reform our public services.

And we are also committed to getting more people giving and volunteering their time. This is particularly important for young people, who through volunteering can learn new skills and have experiences that stay with them throughout their lives, as well as helping to make a difference for the causes they support. That is why we

want to see schools and colleges putting volunteering and social action at the heart of the education they offer our kids, and we will work with the charitable sector – as well as with businesses and public sector organizations – to ensure that exciting opportunities for volunteering are available.

I am determined that the failure of the ‘Big Society’ should not lead to pessimism about the future for the sector. This collection of essays encapsulates the desire within Labour for a strong, independent voluntary sector. In government we will create a positive climate for charities and voluntary groups to work in once more, and show how the voluntary sector is at the heart of Labour’s vision of the good society.

INTRODUCTION FROM ACEVO

Sir Stephen Bubb

Less than eight months before the next General Election, we're nearing the peak point of manifesto-drafting. The political parties have of course been busy for months, preparing what will eventually become the programmes they take to the nation. But in the third sector too, the next few months will see a frenzy of activity preparing pledge cards and manifestos and arranging meetings and campaign photo opportunities.

It was the knowledge of all this, and the knowledge that next year's election result is very far from certain, that spurred ACEVO to look for alternative forms of engagement with political parties. The book you have in front of you is the product of our largest such project; to invite politicians from each of the major parliamentary parties to contribute their thoughts and aspirations for their party's future policy towards and relationship with the third sector. We invited both rising stars and seasoned Westminster players. The exciting, varied result reinforces my intention that this long-term engagement with politicians will benefit the whole charity, community and social enterprise sector.

To the Labour party the essays below will serve as a challenge and a reassurance. A challenge to take on board the breadth of thought and to ensure that the third sector's voice is properly heard in the closing stages of the election campaign. But a reassurance too, to see the quality of thought and writing in this critically important area of policy. The other parties will also, I hope take note, and briefly lift their attention from the equivalent 'Blue Book' and 'Yellow Book' to see what Labour have to say. Lastly, to charities and social enterprises, I hope this collection will be a provocation to further dialogue with Labour and with all the major political parties. It demonstrates a willingness to listen, and to think and reflect, that our sector should be grateful for. ACEVO has long advocated for far-reaching reform of public services that realizes the full potential of the voluntary sector to deliver citizen-focused services. If we seize this opportunity for dialogue, it can do our society nothing but good.

Thank you to all the contributors to this collection, and particularly to Lisa Nandy MP and her office for their help in putting together this collection. My sincere thanks are also due to the teams at ACEVO and at CAF for their tireless work in bringing this volume to print. I hope you enjoy reading it.

INTRODUCTION FROM CAF

Dr John Low CBE

We all know the power of the voluntary sector to build a better, more generous Britain and support the most vulnerable people in our society. Charities play a huge role in our country and touch the lives of millions of people every day. These organizations are the backbone of many communities across Britain, but as a collective do not always receive the attention from decision makers that their contribution deserves. The next government must seek to develop our civil society further and use its resources to make it easier for people to support those in need.

When in government, Labour put the charity sector at the centre of their social reform agenda during a period of great change, leading to greater opportunities for charities and heightened awareness of their contribution to social good. In opposition, Labour thinkers have continued to explore ways of using government to strengthen civil society. This includes trying to carve out a successful narrative about the Government's flagship Big Society programme: critical of its branding and administration, but welcoming of many of the principles that underpinned it

because they reflect long-standing and important Labour values and ideas.

The Red Book of the Voluntary Sector gives leading Labour politicians the opportunity to explore their ideas about the development of charitable Britain. The authors assess some of the policies enacted by the previous Labour government that helped to develop the sector, but crucially also look to the future to explore action that the next government could take to ensure charities and voluntary groups can continue to play their role to the full benefit of everyone in society.

The Charities Aid Foundation is committed to encouraging people to give effectively and to helping people, business and charities support the causes we all care about. The contributions in this collection show that the Labour Party possesses exciting ideas and innovations designed to strengthen Britain's charities, and many of the concepts explored will be of interest to whichever party (or parties) are successful at the next election. Now is the time for these values and principles to be transformed into practical policies putting charities at the very heart of our society.

I look forward to participating in the debate stimulated by these contributions and seeing how they are developed in the coming months.

INTRODUCTION

Lisa Nandy MP

The eight years I spent working in the voluntary sector led me into parliament. When I want inspiration for how to build a fairer, more decent, more caring society I look to the millions of people who work for, volunteer with and fund voluntary organizations across the UK. I am not alone. As this collection of essays demonstrates, Labour's commitment to voluntary action remains as strong on the front and back benches, amongst experienced parliamentarians, newer MPs and Labour candidates as it was when the Party emerged in the 20th Century out of a tradition of friendly societies, self-help and mutual aid. There are numerous ideas and perspectives in this book, but four central themes emerge.

First is the need to learn the lessons, good and bad, from the Big Society. Labour shares the view that a strong, vibrant civil society is central to Britain's future. But we believe too that government can help unlock the potential in communities. In his essay David Blunkett argues that initiatives like the National Citizen Service have helped to do this, drawing on his experiences as a young volunteer and as Chair of the Growing Giving Inquiry.

But despite this, the Big Society has failed. Spending cuts have left many charities struggling to survive, facing tough choices at a time of rising demand. Those who bid for public sector contracts have found an uneven playing field, where big companies have the upper hand. Many communities feel abandoned, as if they have been left to sink while others swim. Will Straw's chapter tells this story in the context of the North West.

The second theme is need for the voluntary sector to play a part in changing central and local government. To the frustration of many, including public sector workers, too often people's experiences of the state are top-down, one-size-fits-all. Too often they feel powerless and dehumanized when things are done to them, not with them. Sadiq Khan and Malik Gul's essay on Wandsworth Community Empowerment Network tells a story about the human approach the sector embodies. And while some things are rightly delivered by the public sector, some of the biggest social challenges we face, like those posed by our ageing population, are not things the state can or should tackle alone. From Steve Reed's thoughts on how we need to change commissioning and Hilary Benn's call for more local authorities to use the Social Value Act, to David Lammy's belief that social enterprises should transform Job Centre Plus, this book shows how a Labour government would put the voluntary sector at the heart of public service reform.

Anyone who has come into contact with the voluntary sector knows what capacity it has to take risks and innovate, which is undoubtedly the third theme of this book.

Hazel Blears champions social investment in her essay, explaining the impact it has had in her Salford constituency. Chi Onwurah outlines how Labour can expand social enterprise in Britain and why it matters. Susan Elan Jones' look at progressive philanthropy takes us from the Gunpowder plot to 'no make-up selfies,' arguing for the expansion of Gift Aid to grow giving. And my predecessor Gareth Thomas outlines Labour's plans for social innovation zones, which can create virtuous circles of innovation in the most deprived areas. Innovation is in the DNA of this sector - we need to make sure it is supported and valued so we can learn from those experiences across all of our services.

The fourth theme of the book is one that is close to my heart, and that is the need to protect and strengthen the voice of the voluntary sector. The Labour Party knows the voluntary sector is at its best when it is a critical friend, and we believe in its right to campaign. That is why we are committed to repealing the Lobbying Act and replacing it with a statutory register of lobbyists, which protects the freedom of charities to speak out. Baroness Hayter's essay is a passionate defence of the sector's place in our democracy, representing those who find it hardest to be heard and holding politicians of all parties to account. Mark Ferguson takes a grassroots perspective on the issue, outlining the historic link between the Labour movement and civil society organizations.

So much of this country's talent and energy lies in voluntary action, from charities and community groups to the simple, everyday acts of kindness that hold

communities together. Over the last four years we've seen the pitfalls of an approach that ignores inequalities in Britain, and sets the state and voluntary sector against each other as competitors. And we've seen how projects imposed from Whitehall can squeeze the life out of voluntary action and rob communities of ownership.

This book outlines the beginnings of a different approach, one that doesn't make the mistake of believing that the problems we face are about the size of the state, but about the structure of our economy and the way government operates. It's an approach that doesn't aim to dismantle our public services, but to renew them in a tough financial climate. Above all, it's based on the understanding that the state and voluntary sector do fundamentally different things. From the founding of the NHS to the emergence of the welfare state, the Labour Party has a strong tradition of seeing the state and voluntary action as partners – distinct but complementary. Only by working together do we transform people's lives for the better.

CHAPTER ONE

THE WORTH OF CHARITY

Rt Hon David Blunkett MP

From conflict zones across the world to the poorest communities in sub-Saharan Africa, it is the operation of what we would call civil society which prevents complete collapse. From the extended family (and historically what we would have known as ‘the tribe’) the coming together of men and women to support each other, both at times of enormous stress and to provide hope and innovation for the future, has been seminal.

That is why, in circumstances of completely dysfunctional states or the debilitating impact of totalitarian rule, the interaction of human contact and mutual help has reinforced the survival instinct of self help, to create networks that offer some form of stability, common security, and the sharing of material necessities. Interdependence has emerged from natural catastrophes as well as those that are man-made. Selfishness and outright individuality has been overlaid by something greater. A sense that without common purpose, reciprocity and simple togetherness, survival would not be possible.

The formalization of mutual interdependence through governance structures (whether autocratic, democratic or totalitarian) shaped those aspects of what we now call society.

Obviously, security (originally physical wellbeing but, in more advanced societies, now extended to much else), some semblance of law and order and the operation of justice (including arbitration of competing interests) fall into this category.

But in so much of daily life it is the giving of time, of commitment and of resources in a variety of forms which make up the lasting and so often resilient elements of the glue which holds people together, even in the most horrendous circumstances.

Reciprocity is of course a two-way street. When I first decided to offer my services as a volunteer (at the age of 16) I soon found that this was very much a 'give and gain.' I was at a boarding school for blind youngsters and keen to get out of the place and to do something useful (on top of my twice-nightly visits to the local technical college to start building up the qualifications that regrettably the schools didn't offer).

My visits were to an old lady in her eighties called Mrs Plum. Not only was this about contact and developing friendship, but also about 'learning' one or two practical things that I thought I could do 'for' Mrs Plum. Actually, she had other ideas. It really came to light two years on when I went down on a Saturday morning to tell her that I was leaving to go back to my native city of Sheffield. I had intended to explain to her that I was

sorry I was leaving but that I hoped to have been of some help! Before I could say anything more, Mrs Plum said ‘David, it’s been extremely nice knowing you and I’m so glad that I’ve been of assistance to you over these last two years. I really do hope that I’ve helped you through this difficult time of your life!’ We had of course both gained enormously.

But this is more than just giving and receiving. It’s about building character, exploring life, including the condition and circumstances of others. Above all, to instil confidence and self-esteem and to recognize that even in the most difficult of circumstances it is possible to realize your own full potential by giving a little of yourself to the wellbeing of others.

All of us experience with our loved ones so often, that the giving of a present is as good as getting one. At least if we’re lucky. Giving in relation to donations to voluntary and charitable organizations falls into the same category.

There was a time when I believed that the state should meet all such needs. That voluntary fundraising was patronizing and paternalistic, particularly to the recipients. Sometimes it still can be. There are occasions when it is totally inappropriate for people to have to rely on the ‘largesse’ of others, in a nineteenth-century form of charity. That is why I believe that there is a balance between this and the duty we owe to each other to fulfil our obligations through raising fairly and spending equitably funds raised through taxation. In fact, going much further, we should look at the development of co-delivery and genuine engagement by people, whether by those in

need of assistance or those giving it, to avoid the continual over-professionalization of services. Not as a cost cutting exercise making those least able to protect themselves the victims of austerity, but as a genuine reshaping of social and care services, of community provision, to ensure real engagement and participation.

For it is participation at any level and every level which transforms the way in which people see themselves and the world around them. This displays itself most obviously in a willingness to engage in open and rational debate, to cast a vote, to take an interest in and demand influence over what is happening in the world immediately around us.

Engaging young people in learning about society, where power lies, where restraints and barriers exist, how institutions work, is fundamental to getting this right. That is why I introduced Citizenship into the school curriculum when, as Education and Employment Secretary, I initiated firstly the Crick working group (embracing all parties and no parties) and then the support to get this off the ground. Regrettably whilst some head teachers and schools have embraced this wholeheartedly, others have not. In one sense we've failed to get across the message that active, engaged and mature citizens make our world a better place in every sense. That teaching children to read, to write and to be able to add up, are fundamental tools for living, but so is understanding and playing a part in society. The citizens of the Greek *polis* held such status only because they actually did participate!

The National Citizen Service programme (I should declare an interest as a board member) offers such an opportunity at 16, and then transition beyond that into active citizenship.

This programme builds on the initiative funded by the Lottery back in 2000 to offer outwards bound opportunities to youngsters from deprived backgrounds. NCS, heavily funded by the Government, but now operated independently, seeks to provide experiences for young people from a range of very different backgrounds and as well as learning about themselves and others, to engage in positive action within the community and beyond.

Long before I had the opportunity to make a difference in the government's approach to Citizenship and volunteering as a Cabinet Minister, I'd been heavily involved in the voluntary and not-for-profit sector. Most prominently, as a trustee of Community Service Volunteers, I learnt first-hand just how the experience of volunteering transformed the lives of young people, giving them that confidence and self-esteem which is crucial to any of us but particularly to those overcoming personal challenges and traumas in early life.

We are all affected by our own experiences. Undoubtedly what I learnt from my own personal life, and also from being involved with those young people who were giving their time and energy to transform the lives of others, was a drive to want to ensure that government itself provided those opportunities.

That is why we created Millennium Volunteers. This was an initiative as its title implies, at the turn of the

century. It gave opportunity (full and part-time) for young people to be able to give 6–9 months of their lives to others, and to build a portfolio as well as gaining personal experience about themselves and those they were assisting. I was able to find sufficient funding from the Department of Education and Employment's substantial budget, even though in the words of the Chancellor, it's 'down to you,' with no additional funding from the Treasury to ease the way. By the time the programme was up and running, we had well over 20,000 full-time and tens of thousands of part-time placements, in health and education services, in personal care of those requiring day-to-day assistance, as well as work in improving the environment of the neighbourhood.

This ran alongside rather than replacing one of the options on the New Deal for the Young Unemployed, which we'd established within six months of taking office in 1997. But, as the then director of Community Service Volunteers Elizabeth Hoodless never ceased to remind me, the New Deal was about 'service' whereas Millennium Volunteers were 'volunteers!'

I very much regret that this programme was not continued. It is amazing that even with a radical government committed to community and to the concept of character building and active citizenship, volunteering is still so often seen as the 'soft underbelly' of political action. Of course it is much more than that. It is literally about building that civil society which provides the resilience and hope when government policy imposes ideological

change affecting those least able to withstand the impact, most of all.

I was very pleased also to be able to co-chair the Charities Aid Foundation's investigation into giving. Primarily in terms of giving financially (a choice to make in addition to our duty as taxpayers). The UK is the sixth most generous nation in the world, according to the World Giving Index.¹ However, charitable activity is dominated by a 'civic core' – just nine per cent of the population who are responsible for two-thirds of all donating and volunteering. A generational gap has emerged, in which older people, who are often retired, are supporting charities more than any other group, whilst giving is dropping off among young people after leaving education, whether that is school, college or university.

The recommendations myself and my co-chairs made are a start. We suggested UCAS forms should include provision for young people to demonstrate their commitment to social action, whilst government should build on the work of the Innovation in Giving Fund and establish a task-force with technology and social media leaders and experts to drive developments in digital giving. This task-force would investigate how mechanisms can be reformed to make donations go further, and seek how new digital practices can be harnessed as a force for social good.

1 Charities Aid Foundation, *World Giving Index 2013*. Available at cafonline.org/publications/2013-publications/world-giving-index-2013.aspx

But we need to go further still. We have to find a way to instil the notion of ‘give and gain’ – the incentive to provide that reciprocity, feeding back to those who have decided to help others in the community, nationally and, increasingly, on the international stage.

Generosity has to be and therefore should be encouraged. The signals we send, the structures we put in place, the education at every part of our lives, should be directed to beneficial ends. We are social beings, and our processes of government, our reinforcing of the glue in our society, should be about making ‘doing the right thing’ easier.

In other words, we should reinforce the good, combat evil and do everything we can in an ever-fragmented world of modern and long-distance communication to bring people together, to work together and to seek common cause in achieving that all-too-difficult but clear goal, of making the world a better place in which to live.

CHAPTER TWO

LABOUR'S VISION FOR CIVIL SOCIETY AND DEMOCRACY

Baroness Dianne Hayter

Democracy – so central to our health and political wellbeing – is not simply a matter of electing our leaders, important though that is. Just as the power to throw them out (harder now with fixed term parliaments) plus a free press and robust rule of law are equally needed, so also is a more pluralist approach to political participation. Political in the sense of changing society, whether through the provision of services, moulding attitudes, or amending legislation.

All three may be needed, as some of these examples demonstrate.

Radical changes in the care of the mentally ill (from in-patient to community provision, in the training of staff, and in attitudes to mental illness) arose from awareness forged through by campaigning, from changes in funding as the result of argument, debate and lobbying, and from changes in the law.

Similarly in the field of human rights. Within my lifetime the renowned scientist Alan Turing (to whom the country owed a great debt for his World War Two code-breaking) took his own life having been chemically castrated for the then illegal act of loving a man, whilst 60 years later I voted in the Lords for his pardon and for gay marriages. These advances came through campaigning both by and on behalf of gay and lesbian people, together with lobbying of MPs, political parties and ministers.

Other examples abound: in alcohol-related harm (where the breath tests that reduced drink/drive deaths arose from lobbying – but also campaigning to ensure public support); in improved recognition and support for carers; or in the relief or prevention of poverty where ‘Make Poverty History’ encompassed every type of political work.² None of this is new. Beatrice Webb’s *Minority Report on the Poor Law* resulted from detailed policy analysis but led to her campaign to persuade both the public and politicians to adopt and implement its recommendations.³

The common theme of these (and many others) is clear – the role played by activists working in lobbying, charitable or non-governmental groups. Whether coming from

2 The transformation of public policy on carers is described by Malcolm Wicks in his autobiography, *My Life* (London: Matador, 2013).

3 Michael Ward, *Beatrice Webb: her quest for a fairer society: A hundred years of the Minority Report* (Smith Institute, October 2011).

the disadvantaged themselves or relevant interest group, (LGBT, victims of drink-drive crashes, ex-prisoners), or from those motivated to help others (churches, social activists, parents or environmentalists), they share the ability to identify a problem, and then seek to alleviate it (through the provision of special schools, advice lines, refuges), to agitate for state funding (for carers, SEN children or the disabled) and/or to lobby and campaign to change the law (breath tests, equal pay, anti-discrimination, civil marriage, recognizing carers).

As the Charities Aid Foundation acknowledges, ‘some of the most important achievements of not-for-profit organizations have come about through their tireless work in changing attitudes, representing the voices of marginalized groups and influencing better government policy. The freedom to speak out on issues which relate to their charitable cause is fundamental to the health of civil society and to influencing positive change.’⁴

From this, certain things stand out: that social justice and a better society have multiple parents, extending beyond political parties and the election of representatives at national, local or European level. Such wider, influential activity achieves results by a combination of provision, lobbying and campaigning – as well as giving voice to the normally unheard.

All of these need to be cherished and protected – indeed enhanced – for a good society to develop and thrive.

4 Charities Aid Foundation, *Future World Giving: Enabling an Independent Not-for-profit Sector* (2014).

Yet there are challenges. Some are for the sector itself: can it really provide a voice for the users of services when it is itself the very provider of those services? Has it done enough to develop and enforce minimum standards, whether of governance or delivery and user involvement?

The bigger challenge is for wider society, and particularly for politicians and commentators. It is about how we can ensure that this vital, energetic (and sometimes uncomfortable) voice for the less privileged works within our democratic framework.

Labour sees this voice as essential to a participative democracy – in sharp contrast to the Coalition, as evidenced during the lobbying bill,⁵ where it turned out its troops to vote down every suggested change to increase transparency of lobbying, or to protect the voice of voluntary organizations, whilst it meanwhile engaged ‘in a series of vituperative attacks on charity campaigners.’⁶ Indeed, the ‘coalition’s proposals to make it more difficult for charities to challenge policy through judicial review are premeditated.’⁷

It appears that the Conservative ‘Big Society’ was the Victorian one of the provision of services for the poor – good works by the rich – but ignoring the voice and the campaigning which actually improves the life chances

5 Now the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

6 Patrick Butler, ‘Campaigning charities that expose inconvenient truths must not be bullied’, *The Guardian* (18 June 2014).

7 *Ibid.*

of those not born with silver spoons in their fortunate mouths. Sadly, the government's brow-beating has already had its impact, with the Panel on the Independence of the Voluntary Sector finding a 'chilling effect,' and an increase in charities saying they have toned down their campaigning for fear of losing state funding. Meanwhile CAF feel the need to reaffirm that 'it is imperative that governments use their role as a funder responsibly to ensure that the critical friend role played by not-for-profit organizations is not lost.'⁸

Labour's vision is the opposite of the Government's. We know that far more people than those who join a political party express themselves politically through issues they care about, whether through fund raising, volunteering, letter writing, demonstrating – or donating their blood.

There is clear evidence too that the public is quite content with charities lobbying for change, with 'almost nobody ... put off giving to a charity by its campaigning activities'. When given a long list of possible reasons, only 4 per cent of the public cite 'the charity campaigning to change the law' as a reason why they might not give. 58 per cent of the public agree 'charities should be able to campaign to change laws and government policies relevant to their work,' while only 10 per cent disagree.⁹

8 Panel on the Independence of the Voluntary Sector, *Independence Undervalued: The Voluntary Sector in 2014* (January 2014); Charities Aid Foundation, *Future World Giving: Enabling an Independent Not-for-profit Sector* (2014).

9 NFP Synergy, *The Politics of Charities* (January 2014).

By passing the Lobbying Act, the government turned its back on this public support and on the not-for-profit sector in three ways.

Firstly, by only requiring organizations which use an outside public affairs agency to put their case to government to register, not big business with their own in-house teams of professional lobbyists. So the drinks industry or defence companies can continue their meetings with civil servants in secret whereas an agency assisting tiny Alcohol Concern or the Campaign Against the Arms Trade must declare its clients and meetings. As Patrick Butler has written, the lobbying bill ‘was a grotesque piece of legislation designed implicitly to crush charity opposition to government and stifle political debate, as the not-knowingly left wing Countryside Alliance vociferously noted.’¹⁰

Secondly, the government trained its sights on already-regulated trade unions, requiring them to have a third level of ‘assurance’ that their record keeping was in order – just when the government was failing every test of getting electoral registers complete and simultaneously turning a blind eye to misdemeanours in the banking sector.

Thirdly, charities campaigning on policies to achieve their charitable objectives must, if they spend more than a defined minimum on staff, travel and all other costs on any activity judged as helping, or hindering a party, register with a second regulator (the Electoral Commission) and enter a nightmare of red tape and reporting. This

10 Patrick Butler, *op. cit.*

is just when the government introduced a ‘Deregulation Bill’ for business, and excused small companies from some former accounting requirements.

The government and Labour could not have been further apart on the Lobbying Bill. Of course we don’t want mega-rich groupings interfering with the democratic process by using their millions to buy votes under the guise of campaigning for, or against, a particular policy identified with one party. So it is right – as Labour’s own legislation decreed – that amounts spent on publishing documents which might influence voting should be limited. But that is wholly different from encouraging, and welcoming, a healthy debate, facilitated by charities, churches or other non-party groupings, on issues close to the heart of those communities and where politicians might have a role to play. It is clearly right, indeed a democratic and human right, for individuals and groups to lobby parties to adopt those policies which will promote the welfare of their particular interest group.

We should welcome and engage with this or we risk not only a greater distrust in the political process, and a turn off from politics, but the temptation for some to make their views heard in less responsible and peaceful ways.

Looking to the future, furthermore, ‘while young people often seem disaffected with mainstream politics, there is no doubt that they are committed to making the world around them a better place in which to live.’¹¹

11 Charities Aid Foundation, *Creating an Age of Giving: Conclusions for the ‘Growing Giving’ Parliamentary Inquiry* (June 2014).

Britain has a proud role in supporting charities, with some 57 per cent of the population donating to charitable causes in a typical month.¹² It is of course such breadth of support that ‘gives charities the mandate and independence needed to pursue their mission, to challenge and push for change where necessary.’¹³ But it is, it seems, this voice that the coalition does not want to hear.

Labour’s priorities on lobbying and campaigning will be to amend the statutory register so as to include all professional lobbyists – not just those working for third party agencies – and to include the lobbying of senior civil servants and key MPs, whilst also amending the law on campaigning by voluntary organizations so that, whilst they act responsibly in promoting their aims and objectives, we celebrate and facilitate rather than curtail this. This is the approach taken by Baroness Sherlock’s review of the Act.

There is a further amendment needed, which is to ensure equality of arms between political parties and campaigners, be this about elections or referenda. Labour wants to see full transparency of all funding of both lobbying and campaigning (by business, unions, parties and the third sector), whether about minimum unit pricing of alcohol, migration, international aid or straight party activity.

The third sector is, of course, not simply a champion for or voice of the un-heard, important though that is. As a fleet of foot provider, it can often deliver services in a

12 Charities Aid Foundation, *Creating an Age of Giving*.

13 *Ibid.*

more user-centred and user-friendly way than giant corporations, be they state or private. Thus many welcomed what initially sounded like a recognition of the Big Society as such a provider, in David Cameron's programme. It has turned out so very differently. For all its talk about opening up government to the voluntary sector and community groups, the government handed public sector contracts to big private companies. Indeed of the £40 billion central government spend on external contracts in 2012/13, £10 billion was with just 40 companies, and £4.3 billion of that with Serco, G4S, Capita and Atos.¹⁴

So the government strips back the state, but gives power to big corporations not to people. Labour wants the third sector to be a part of service provision, because it works well, not because it's cheap. So we'll put charities and community groups at the heart of what we do. Not by asking them to pick up the pieces of government cuts, but by levelling the playing field so that they can win government contracts. We must end the race to the bottom where the voluntary sector is forced, even if it means a worse service for communities, to drive down prices at all costs.¹⁵

14 National Audit Office, *Memorandum on Managing Government Suppliers* (12 November 2013).

15 Jon Cruddas and Lisa Nandy, Only Labour Can Build the New Society, *New Statesman* (9 May 2014).

CHAPTER THREE

THE CHANGING FACE OF PHILANTHROPY: WHAT DOES THE FUTURE HOLD FOR UK GIVING?

Susan Elan Jones MP

Wherever we stand on the increasingly complex spectrum of British political opinion, few would deny that the history of charities in this country is an extraordinary one. Before the Gunpowder Plot had taken place, the Authorised Version of the Bible had been produced or the Pilgrim Fathers had landed on the shores of Massachusetts, the kernel of modern charities law was sown in the form of the Charitable Uses Act of 1601 and especially in the Preamble to that Act. For the first time, in that Preamble, Parliament sought to provide a list of purposes that the State believed were beneficial to society, and that should therefore be encouraged through private contributions.

Stepping away from the essentially practical fabric that made up the canvass of the Preamble of the Charitable

Uses Act, it is not difficult to see a centuries-long narrative develop that left political progressives far less at ease with the notion of charitable giving than political conservatives were. To political conservatives, charitable giving and philanthropy was vindication of a world-view whereby the decent and affluent would contribute generously to those in a need around them as a voluntary act, untrammelled by the shackles of the State.

I don't deny that this represents one view of charitable giving in a British context, but it's certainly not the only one. I would contend that the history of philanthropy in our country is far deeper and broader than the politically conservative world-view of 'charity'. It's also richer and more diverse than those political traditions of the Left that prescribed centralized, statist remedies whatever the ailment.

For me, a progressive history of philanthropy is one that is not unduly focussed on ultra-wealthy individuals. It's a history of all types of giving by people from different social groups. It's a history that is lavish in its praise for outstanding individuals like Victorian philanthropist Dr Thomas Barnardo. It is a history of extended family networks of individuals that few of us have ever heard of. These individuals made sure that orphaned, destitute and illegitimate children became part of a family and were not left to life in the workhouse or on the street.

Progressive philanthropy aptly describes the great centres of learning, culture and social inter-action that were the Miners' Institutes. Many of these were extraordinary

buildings, of great architectural merit, funded entirely from the voluntary donations of low income families.

Progressive philanthropy also embraces our nation's heritage of nonconformist churches and chapels – often vast and hugely expensive edifices from which a whole range of cultural and educational programmes were run – paid for by people of limited economic means.

Our progressive philanthropic tradition is also a history that incorporates a whole plethora of pioneering health and well-being initiatives. Many of these were so successful at a local level that they were replicated more widely and funded by the state. There are, of course, very many examples of the latter type of innovative, community-based philanthropy, but one particularly worthy of note is 'The Peckham Experiment'.¹⁶ This 'Experiment' operated between 1926 and 1950. Here, two doctors recruited 950 local working-class families. The families paid a shilling a week and for this, they had an annual health check, their health was monitored, and they took part in many different health-related activities, including swimming, games and workshops. Pivotal to this project was that it was user-funded and user-led, with the members organizing a whole range of sports, educational, cultural and social activities. This was action that was collective and philanthropic – bringing benefits to the individual as well as the wider community.

16 I. H. Pearse and L. H. Crocker, *The Peckham Experiment* (London: Allen and Unwin, 1943).

In fact, 'collective and philanthropic' is probably as apt a description of developments in modern charitable giving as any other. Whatever the ideological differences in other policy areas, Labour under Blair and Brown and the Conservatives under Major and Cameron have all plumped for trying to get more people to give, rather than focusing on large donations from a smaller number of wealthy individuals.

The practicalities of giving have changed drastically. It seems unbelievable now but until 1990, any taxpayer wanting a charity to get tax relief on their donations had to enter into a four-year covenant with that charity. Gift Aid was brought in by the Major Government, but was originally limited to donations of £600. A radical boost to support grassroots giving came in 2000 under the Labour Government, when the minimum donation limit was abolished totally. Another innovative development took place six years later when Gift Aid relief could be added to the donations to charity shops.

The system has continued to grow and evolve. Although I suspect the Small Charitable Donations Bill of 2012 was the Cameron Government's act of penance to Britain's churches, coming as it did soon after the Government saddled churches and other listed buildings with VAT costs, that Bill has nonetheless had some positive outcomes. The scheme means that eligible charities can now claim a gift-aid style top up payment on small cash donations received without Gift Aid declarations from the original donor (or indeed, without knowing who the original donor was).

So where next for progressive British philanthropy? One avenue it certainly shouldn't turn down is the tiresome parlour game of the Cameron Government of 'let's pretend we haven't cut well over £1 billion from charities and then moan at the Trussell Trust for having the nerve to talk about poverty and deprivation' (the UK Civil Society Almanac provides a good reality check in terms of Government cuts to charity funding).¹⁷

Yet one thing is very clear – charitable organizations must become smarter and must adapt in order to reflect the changing nature of giving.

The UK Giving 2012 overview of charitable giving in the UK (2011/12) noted that giving by cash is still the most common method of giving and used by half of all donors in 2011/12. However, the report also showed that Direct Debit accounted for the largest share of donations in 2011/12, representing a third (31 per cent) of the overall amount given compared to a quarter in 2010/11. The virtual world is making fundraising simpler and more efficient, and charitable organizations must ensure that they have a strategy in place to support and encourage these donations or risk losing them altogether.

When it comes to the future of giving, Direct Debit is only the beginning. The way in which charities operate and accept donations has changed dramatically over the past year. With social media now a large part of everyday life, philanthropy within the confines of social media has

17 National Council for Voluntary Organisations, *Civil Society Almanac 2014*. Available at data.ncvo.org.uk.

become the norm. Though traditional methods of giving will continue, social media is creating new possibilities for fundraising and making giving accessible to a whole new group of people.

We need only consider the extraordinary story of Stephen Sutton, who used social media in order to reach out to supporters across the UK and all over the world. Stephen Sutton managed to raise over £3 million for charity in just over a year.¹⁸

Then there is the recent social media campaign for Cancer Research UK which, through the promotion of 'no make-up selfies,' managed to raise more than £2 million for the charity. From this single campaign, Cancer Research UK received over 800,000 donations by text within a time frame that would have been inconceivable even a couple of years ago. Charitable giving of this nature is experiencing a meteoric rise in popularity and it's time we recognized it by automatically adding Gift Aid onto text donations.

UK Giving 2008/09 showed that 4 per cent of donors made at least one donation online. This was the first year of the Charities Aid Foundation (CAF) survey which included questions about individuals' use of 'emerging methods of giving.' The internet was mentioned previous to this as a method of giving but 2008/09 provided the first real figures on how donors were now using online, text and sponsorship in order to donate to causes across

18 Please take the time to read Stephen Sutton's remarkable story here: stephensstory.co.uk/.

the UK. UK Giving 2012 showed that in each of the years from 2009/2010 to 2010/12, the figure of donors who made at least one donation online rose from 4 per cent to 7 per cent. The figures continue to rise.¹⁹

Before I became a Member of Parliament, I worked for charities for fifteen years. I began my voluntary sector career with the Muscular Dystrophy Campaign (or the Muscular Dystrophy Group as it was known then) in 1995. Over those fifteen years, I worked for medical research, church and housing charities. I served on the Sure Start Partnership Board and represented the voluntary sector in a COMPACT working group with a London local authority. Like many of us who have worked in the voluntary sector, my experiences of that sector have been diverse. But if there is one thing that my time in the sector taught me it is that nothing can create a more substantial impact than small donations.

On one level, a million people donating a pound each has the same impact as one person donating a million. However, the longer term benefits for society are so much greater when a large number of people are involved.

In no other group is this more important than in our younger generations. A recent publication by Demos on 'Generation Citizen' showed that 13–19 year olds have the real desire to help others through social action.²⁰

19 Charities Aid Foundation, *UK Giving 2012: An Overview of Charitable Giving in the UK 2011/12* (November 2012).

20 Demos, *Introducing Generation Citizen* (2014). Available at: demos.co.uk/publications/generationcitizen

Involvement in volunteering and philanthropy for young people is absolutely transformative. It also helps create a society that is more empathetic and less dispassionate about our collective future. That's why we need to shape public policy in a way that helps young people get involved, whether that be through money or time, or preferably both.

It is crucial that we recognise that the nature of how young generations view giving may be changing. Donors and volunteers may not necessarily be involved with an organization in order to raise money on that organization's behalf. Donation based crowd-funding is rising at an exponential rate. Integral to it is a sense of a personal user experience. This new crowd-based structure of giving creates a sense of experience and achievement that comes from the act of fundraising itself rather than, in some cases, a real attachment to the original cause.

That is, of course, not the same as saying that young people no longer care about charitable causes. A growing number of young people use the internet to donate and engage with charities. With £26 in every £100 donated in the UK now being donated online, social media and mobile apps are becoming the new norm for those wishing to have a social impact.

The use of social media platforms to interact with donors and volunteers is expanding the reach of charities in new and exciting ways. The average number of friends per Facebook user is now 130 and 1 million links are shared every 20 minutes, far faster than through any

other interaction.²¹ Crowd-funding has raised £785 million over the last three years, with 20 per cent year-on-year growth. Charitable organizations must recognise this and use this growing tool to their advantage, or else risk becoming separated from the flow.

The last few years have been difficult ones for voluntary and charitable organizations in our country. However, despite this, we need to remember that the UK is currently the sixth most generous nation in the world for giving.

Our task now is to ensure that new ways of giving are embraced and supported through the tax system, and that we focus on involving the maximum number of people in shaping our society through voluntary action.

21 Statistics provided by statisticsbrain.com. With thanks to Mr Sean Whitty, Sales Account Manager at NetPay Solutions Group Limited.

CHAPTER FOUR

PEOPLE-POWERED PUBLIC SERVICES: LABOUR'S LEARNING FROM LOCAL GOVERNMENT

Steve Reed MP OBE

Ed Miliband has made it clear that he will lead a people-power revolution in Britain's public services if he becomes Prime Minister. Giving the Hugo Young Memorial Lecture in February 2014 he said we can no longer put up with 'old-style, top-down central control, with users as passive recipients of services.' Instead, he wants to put 'more power in the hands of patients, parents and all the users of services.' He wants to do this to tackle inequality, give more people the chance to succeed, and create a fairer and more aspirational country where no one feels left behind.

Making that happen requires a major culture change in our public services, but it also requires reshaping government to respond more directly to the people who use public services. To understand what that might look like,

and what it means for third sector organizations, we can take a look at the London Borough of Lambeth. Back in 2009, Lambeth became the first council in Britain to declare its intention to become a co-operative council. This is about making more services directly accountable to citizens and establishing a new relationship of co-operation between service providers and service users with power shared more equally between the two. Lambeth's experience has helped shape Ed Miliband's thinking about public service reform and also influenced Jon Cruddas MP who leads Labour's policy review. Many of the same themes appear in the final report of Labour's Local Government Innovation Taskforce launched this July.

Lambeth's co-operative model is not, despite its name, about setting up co-ops to run public services, although they may have a role to play. Instead, it's about strengthening co-operation by sharing power more equally between the people who run public services and the people who use them. Co-production is a key principle behind the approach, and the insight Lambeth quickly understood is that public services work better if they harness the insight, knowledge, creativity and leadership of the communities they affect. At a time when austerity means public resources are being reduced, it makes no sense to waste the community's own resources in the way we have before.

But there are other reasons why this is the right time for a radical change in how our public services work. The world has moved on since we set up the welfare state, public education and NHS in the immediate aftermath

of the Second World War. In the 1940s Britain was a more deferential society, more homogeneous both ethnically and in terms of social class, and in a time before the consumer society took hold people lacked the choice they expect as a right today over the goods and services they use and the lifestyle they choose. Back then one size could more reasonably fit all; today, that is no longer acceptable to the majority of the population. Modern British society is a kaleidoscope of different communities with a range of needs and expectations so complex that no single organization – national or local – can hope to understand them all. The only way to shape public services around so many different groups is to involve them directly in doing it.

We also need to tackle a form of dependency that stifles people's aspiration. Welfare dependency is not, as the Tories would have it, the effect of an over-generous benefits system. Anyone working with people on benefits knows how much they struggle to make ends meet and put food on the table. Problems arise when public services take over decision-making about too many key aspects of people's lives, slowly sapping their self-reliance and ability to aspire to anything more. The more vulnerable you are, and the more public services you use to deal with the complex challenges you face, the more pronounced this effect can become. Our top-down model of taking decisions about people can make them dependent, then the Tories make it worse by blaming them for it.

It's in dealing with the more complex problems facing people's lives that the co-operative approach has the

greatest impact. It doesn't aim just to replace professional staff with cheaper volunteers, or make people sweep their own streets and empty their own bins. It aims instead to make the professionals directly accountable to the people they serve rather than to senior managers or politicians in the town hall. That is not achieved by making people run their own services – something that would be beyond most of them. Instead, it encourages service providers to deliver the outcomes service users really want in ways that service users support. Sometimes that will mean working towards different outcomes, doing things differently, or bringing in different providers. But the key to it all is a powerful focus on meeting the expectations of the people who use public services and who those services exist to support. That is where the power shift happens.

This is a very radical agenda, quite different from what the Coalition Government are doing, and challenging to conservative elements that are fearful of change. In particular, it means letting go of the idea that we have to protect services from the effects of austerity. We don't. Instead, we have to protect (or even improve) outcomes; the things those services are trying to make happen. Sometimes you can best protect an outcome by retaining the service that's delivering it, but sometimes you can do it better by changing things radically.

Lambeth developed a new way of taking decisions designed to give service users a bigger say. Called co-operative commissioning, it requires politicians or senior managers responsible for taking specific decisions about

services to demonstrate that the people it affects have been intimately involved in taking them. The starting point is defining outcomes – what service users want to achieve – then comes the choice of provider, what that provider should do and how they should do it. There is also a requirement that, where possible, services should be provided by local community organizations in an attempt to protect local jobs and keep money in the local community – but only where that also guarantees the best quality services.

Importantly, consultation alone is not acceptable as it still leaves power in the hands of the original decision-makers who may choose not to listen to the people they're consulting. New mechanisms are required to share decision-making power equally between the council and service users, so users cannot be ignored. The precise mechanism varies depending on what already exists and the capacity of services users to participate, but the principle of shared power and co-production is constant. In Lambeth, this can mean an elected tenant-led housing board overseeing a housing estate, a new youth services trust that has taken control of youth services and aims to co-produce services with individual neighbourhoods, or developing a community-led regeneration plan for a whole neighbourhood as is happening in Brixton. It can also see the council get involved with completely new services. For instance, Lambeth responded to a community initiative by helping to set up Brixton Solar Energy, which installs solar panels on large public buildings to generate electricity

sustainably and provide cut-price energy bills to local council tenants who need the savings to help manage hard-pressed household budgets.

Lambeth found that culture change did not happen fast enough without structural change. This makes sense, as organizations designed to take decisions top-down are not necessarily well equipped to work the other way round. Lambeth eventually abolished the council's service directorates – structures with powerful senior managers that covered a wide range of services – and replaced them with a flatter organizational structure that found new ways to make services directly responsible to people who used them. There may be important lessons for Whitehall that an incoming Labour government will need to apply if they want people power to overcome resistance from within the civil service.

People power creates an existential threat for under-performing service providers whether they're in the private, public or third sectors, but generates opportunities for the most effective. If service users want to work towards a different outcome or choose alternative providers, they can. The idea is that, with more power in the hands of service users, only the best providers will survive; the worst can expect to be replaced. This is real people-power. The sudden realization that power lies in the hands of their users, and not in the town hall, can have a dramatic effect in refocusing organizations on how well they're meeting their customers' real needs rather than just meeting performance indicators that tick boxes further up the management chain.

Instead of being wedded to services set up to deal with a specific problem at some point in the past and then set in stone, services now have to adapt to meet the changing needs of the people they serve. In many cases that will mean services trying to prevent problems from happening rather than just managing them after they've occurred. It's the same power that wealthier people have always had over the people who provide services for them, and it's a power that needs to be extended to everyone if we want public services to be more responsive and accountable.

New technology is a fantastic opportunity to boost people power. It allows people to contact services more quickly and cheaply online, it can create networks of service users who engage with each other to share experiences and ideas, and it offers new ways for people to scrutinize and challenge the public services they use. Local and national government can help this develop by insisting that open data becomes the norm. All tiers of government and their agents should publish everything they're legally allowed to. Lambeth found, when it adopted this approach, that people started asking for data in different formats that made them easier to use. Initiatives like 'Good For Nothing' bring groups of service users together with new technology experts to generate new ways of running or delivering services based on the data that's publicly available. Open data is a means of unlocking creativity and opening more services up to scrutiny, but making it work requires an end to the culture of secrecy that shrouds much of government and public-service decision-making.

The co-operative council model that started in Lambeth is now being developed by a growing number of councils that are part of the Co-operative Councils Innovation Network. Different councils are adapting the model to suit their own communities and focusing on transforming different services, but together they are developing real-world examples of what people-powered public services look like. Their experience is teaching Labour what works and what doesn't. Councils under all political colours are using similar approaches in at least some of their services, but the difference with the co-operative councils is they are trying to extend this approach across all services to create whole-system change. Since empowerment most profoundly affects those who are the most vulnerable and rely on public services the most, a key measure of success will be the extent to which people feel that gaining more control has improved their lives and life chances.

Labour's people-power agenda offers real opportunities to the best of the voluntary and community sector. These organizations are often very close to their service users and strongly champion their needs. They are comfortable with the idea of involving service users in decision-making and agile enough to be highly innovative. Turning Point's model of connected care, which directly engages clients suffering from mental ill health in re-designing services, is a model Labour has learnt from. So too was ACEVO's local commission on personalized care services, which recommended pooling individual personalized budgets with appropriate advice and support in

place to increase their power to influence providers. This approach is not a safety net for third-sector organizations, or an attempt to hand power to them. It is about handing power to service users so they can choose the services they want and who should provide them. Organizations can be decommissioned as readily as they can be commissioned, a mechanism intended to keep providers fully focused on their clients' needs.

We need change from politicians too. Instead of taking all the decisions on their own, politicians need to become facilitators, enablers and organisers. Their key skills will include networking to identify people with unmet needs they can link to resources available to meet them, building the community's capacity to participate, and scrutinizing services together with the people who use them. Sharing decision-making means restoring trust, because instead of the failed model of politicians who claim to know all the answers, we will need politicians who accept that the answers lie in tackling challenges together with the community. This is about more than a new model for public services. It's about a new way of doing politics.

It's not unusual for opposition parties to say they will devolve more power if they are elected. David Cameron said he would, as Leader of the Opposition, but like many prime ministers before him he didn't. What's different about Labour today is that Labour councils have already figured out how people-powered public services can work by piloting the approach. Their experience has been communicated to the party nationally through the

Local Government Innovation Taskforce and picked up as a central theme in Labour's national policy review. Jon Cruddas MP, who leads that review, has taken this experience to help shape Labour's vision for a new politics. Ed Miliband is crystal clear that a people-powered revolution will be a central mission of the government he hopes to lead and a key pillar in building a fairer country where power and opportunity are more widely shared. That's a vision the third sector will understand, and an opportunity to seize.

CHAPTER FIVE

HOW LABOUR CAN BE THE ENABLER OF A BETTER SOCIETY – NOT A PR-DRIVEN ‘BIG’ ONE

Mark Ferguson

Labour’s relationship with charities and the voluntary sector has – on the whole – been a positive one in recent years. However it has not always been straightforward. Whilst Labour and the left more broadly tends to welcome the campaigning work conducted by the charitable sector, there have at times been suspicions when it comes to service provision. As a party that believes in the power of the state to deliver services – and the desirability of such a system – the role of charities in the public sphere has not always been embraced as tightly as it could have been.

During the early years of the Cameron government, there was a suspicion that the role of charities might become one of superseding the state, allowing the Tories – under the auspices of the Big Society – to hand over

crucial state entities to the charitable sector, and make them optional rather than mandatory parts of British society and the welfare state. Fears of a return to a pre-1945 British state – with charities forced to step in to provide basic provision – abounded. But the charitable sector has not yet made substantial inroads into education, welfare or healthcare. The state is still by far the largest provider in all three sectors. The state has been weakened, but it has not been usurped by charities.

Yet, as the Big Society collapsed in on its own contradictions (and the suspicion that it was a cover for cuts), charities have continued to thrive. The work that charities do has not – on the whole – replaced the ever-shrinking role of the state. It has continued to compliment the work of both national and local government – and often go places where government can't, won't or shouldn't.

And in one noticeable area where charity has been forced to step up where government has failed – foodbanks – the provision delivered by the Trussell Trust and others could not have been delivered by the state in the same way, backed by an army of volunteers.

I saw an example of that kind of work recently in the Wigan constituency of Shadow Civil Society Minister Lisa Nandy. In the centre of Wigan, Lisa and I visited the 'Fur Clemp Café' and their incredible team of volunteers. The café – an offshoot of a local foodbank – takes food that would otherwise be discarded from local supermarkets, and turns it into healthy, tasty meals for anyone who needs them on a pay-as-you-like basis. Thousands of pounds worth of food is saved from the scrapheap, and in

turn dozens of people each day are given a cheap or free meal. It's a fantastic community resource, a brilliant way of tackling the scourge of food waste and an inspirational way to bring together volunteers and participants from across the area.

The only problem is that the café was, for the time being, only temporary. Their venue, a local church hall, doesn't have the necessary working kitchen, so everything must be prepared in a volunteer's home. The search has begun for another venue in Wigan that is both big enough and well enough equipped – but kitchens and halls don't always come cheap. Without further resources or support, a much-needed project could fall by the wayside.

The Fur Clemp Café is just one example of how the voluntary sector can provide for their community in a way that the state would not, could not and should not attempt to replicate or absorb. However, governments of all stripes could achieve an incredible amount for relatively little, by helping such schemes expand when they've proven themselves to be successful.

A Labour government must become a far bigger enabler for charities – rather than crowding them out by attempting to turn them into quasi arms of the state.

One way of doing that would be to offer match-funding to voluntary groups who are providing for their communities. Every pound raised (up to a set threshold) could be backed by a pound of government investment, to promote both charitable giving and reward those schemes that have the capacity to grow. Another would be to hand MPs small incubator grants to boost voluntary

provision in their local constituency, allowing for diversity of projects across the country, putting the decisions in the hands of MPs who know their constituencies best and giving each MP a stake in a local, community-led project on their doorstep.

Labour's policy chief Jon Cruddas has already spelled out, in a speech to ACEVO, Labour's five principles for a social politics that underpins the party's thinking on the voluntary sector:

'The first is Transformation: we will reform institutions and devolve power to deal with the causes of our economic problems.

Second is Prevention: we will invest to prevent social problems rather than wasting money on reactive high cost services.

Third is Devolution: we will share power and responsibility with people to help them help themselves and shape their services in response to their specific needs.

Fourth is Collaboration and Cooperation: we will increase the power of local places by building collaboration between and across public services and organizations; pooling funds to stop inefficiency and avoid duplication.

And finally Contribution: we will promote a model of citizenship based on reciprocity and developing character for individual resilience, good relationships and wellbeing.'

Crucially though, Labour must learn to embrace the voluntary sector, not least because it provides the very roots from which the Labour Party was established. Friendly societies were a significant part of Labour's

founding and, similarly, credit unions play an important role in the Labour movement today. And of course the trade union movement – by far the largest civil society grouping in terms of membership – should root Labour firmly in the voluntary tradition.

Indeed many of the threats that trade unions face from the current government are replicated across the charitable and voluntary sector. The deeply regressive ‘Gagging Law’ places ridiculous barriers on the ability of both trade unions and charities to campaign during an election period. Whilst most would consider a thriving and campaigning civil society an essential part of a functioning democracy, such legislation regulates the sector in an attempt to silence and delegitimize criticism of government policy.

Unfortunately this seems to be part of a co-ordinated and sustained pattern of behaviour from the Conservative Party, with repeated attacks on the charitable status of charities becoming a oft-used part of the Tory attack arsenal. The Labour Party must continue to defend the right of charities to campaign vigorously and publicly, regardless of whether their views are in line with or opposed to Labour’s current policy plans. Such a principle – shamefully abandoned by the current Conservative Party – should be the cornerstone of any party that truly respects civil society, never mind a ‘Big Society’.

Already the Labour leadership has committed to repealing the ‘Gagging Law’ – and rightly so. But only a full dismantling of the legislation, and a clear signal that critiques of government policy are actively welcomed as

part of a healthy and participatory democracy will undo the damage the law has already caused.

The watchword for Labour when it comes to charity campaigning – and charitable work in general – should be enabling. Enabling charities to grow by supporting them when they're expanding. Enabling charities to become embedded in their local communities with the support of their local MP. Enabling charities to campaign without fear of government interference or prosecution.

The charitable sector cannot and should not be a replacement for the state. That's neither the right way to provide sustainable public services, nor what charities are for. However by enabling charities to flourish and encouraging them to operate where the state can't, a Labour government can introduce a genuinely better society – rather than a PR-driven 'big' one.

CHAPTER SIX

JOBCENTRES ARE NO LONGER FIT FOR PURPOSE – THE THIRD SECTOR CAN HELP

Rt Hon David Lammy MP

Most Fridays, I hold a weekly advice surgery in Tottenham. At these surgeries constituents come to request help and support with a whole range of problems. Employment, housing and welfare issues are the most common, but we help people with problems ranging from riot damage to school exclusions. Usually there is a lot we can do to help: writing to the local council or housing provider, making representations to a government department over an erroneous ruling, or helping put the constituent in touch with appropriate support services.

Every now and then, though, someone comes to see me and leaves me feeling powerless. Jason was one such example. He turned up towards the end of the surgery, dressed impeccably in a suit and newly-shined shoes. He was confident, intelligent and well mannered. He sat

across the table from me and explained how he had recently finished his bachelors degree in Maths, sent off over 300 job applications – and yet was still having to join the queue every Friday at Jobcentre Plus. There was nothing about Jason that made him unemployable, but he was getting desperate in his quest to find work.

Jason, sadly, is not alone. Across the UK, 2.1 million people are unemployed. Over three-quarters of a million of them are young people. In my city, London, one in four young people are out of work. That is fewer than when youth unemployment hit record highs in 2011, but still disturbingly high. Increasingly graduates are joining the ranks of unemployed. Figures released earlier this year revealed that nearly 40 per cent of graduates are looking for work six months after graduation, while a quarter are still unemployed after a year. Even for those young people who are able to find work, it is often in menial jobs that do not make use of their talent, knowledge or skills. The Local Government Association estimates that 1.3 million young people are doing jobs for which they are overqualified.

This is a tragedy on several levels. Our current labour market traps millions of young people in a seemingly endless cycle of unpaid internships, short-term contracts and dole queues. Their valuable talents and knowledge, which many have paid tens of thousands of pounds in tuition fees to acquire, go to waste. The economy suffers too, of course. This is a mass of people who could be, and want to be, contributing to our society and our economy but instead are adding, through little fault of their own,

to our country's rising benefit bill. A competitive, global and modern economy suffers hugely from our failure to tackle the scourge of youth unemployment.

Clearly, then, something is going seriously wrong with our unemployment support system. It is not always easy to speak the truth about our national institutions but the fact is the Jobcentre system is not fit for purpose. Just one in three claimants who receive assistance from Jobcentres find sustainable work within six months of first signing on.

We should expect better from an institution that receives many millions in state funding and was created to tackle a critical problem. Those who use Jobcentres report being treated dismissively by under-pressure advisers who don't have enough time to give them proper attention. They express frustration at a general failure to help them address the problems that are preventing them from working.

This is one of the major problems with Jobcentres: advisers don't – and can't – give proper attention to the varying and specific needs of individuals. It is not the fault of Jobcentre staff but rather the fact that their caseload is simply unmanageable. In an average week, each Jobcentre Plus adviser will see 168 claimants. The result is a service that is clunky, impersonal and not suited to tackling the real causes of unemployment.

As MP for a constituency like Tottenham, you quickly learn that the reality of unemployment is that it goes much deeper than simply not having a job. The wealth of factors that contribute to it, and indeed stem from it,

are varied and complicated. 18 per cent of the working population, for example, has a mental health condition that creates a barrier to sustainable employment. Each time we use the phrase NEET, we neglect the intricacies that lie behind each individual. The unique nature of each case of unemployment means services must be personalized and tailored to individual needs. That could not be further from the reality of Jobcentre Plus. It is hardly surprising, all things considered, that two-thirds of unemployed young people feel that government services aren't giving them enough support.

The bottom line is that touch screens and new carpets cannot disguise the fact that the Jobcentre system is hopelessly outdated. It is an old-fashioned system dressed up in a garb of modern jargon – one of sanctions and outcomes, targets and caseloads. It has changed names several times but the system was established over 100 years ago and has failed to keep pace with a modern economy and a fast-changing labour market.

Clearly, then, we need to rethink the way our unemployment services are run. This should involve a complete overhaul of how we treat the unemployed. It should also involve a much greater role for civil society, particularly the broad network of organizations already working with unemployed people.

The Jobcentre system should be abolished. Its name and its methods have become discredited and undermined, not least in the minds of those who use them. It should be replaced with a system that is flexible and localized enough to treat cases on an individual basis.

Central to this will be a hub organization responsible for linking people with those best able to help them – many of which will be civil society organizations. Crucially, this process must be run at local level and overseen by local authorities rather than central government or private companies. The idea that Westminster politicians and Whitehall civil servants have a better sense than local officials of what people in a particular area need is flawed. So, too, is the idea that the private firms will be able to refuse the temptation to put the needs of the long-term unemployed ahead of their own profit margins. This is the fundamental flaw in the Coalition government's 'Work Programme', which is over-reliant on private companies helping people into work. Because these companies are paid based on results, there is a clear business interest in only taking on the easiest cases. Those requiring complex and lengthy help are often ignored.

Giving local authorities a greater role and changing the way in which supporting organizations are funded will prevent this problem, while those needing complex support are less likely to be ignored by specialist third sector organizations than they are by private businesses looking for a quick buck – indeed, as highlighted below, many charities are already working with exactly these type of people.

Another key problem with the Work Programme is that it requires contractors to have deep pockets to pay up-front costs. This should be changed to ensure that there are no barriers to the participation of any organization with a track record of getting young people into

work. But the failures of the Department for Work and Pensions' programmes under Iain Duncan Smith should not deter us from the underlying benefits of a system in which community-based and specialist providers are commissioned to help the unemployed into work, or from the potential benefits of doing more to involve third sector organizations in this task.

Already many civil society organizations are doing a fantastic job of helping young people find work. The London Boxing Academy, of which I am the patron, is a well-known success story. Set up in 2006 in my constituency, the Academy takes in young people who have been excluded from mainstream education. Its methods are based around sport, and physical training is used to install the value of hard work, perseverance and discipline. But the Academy provides more than sports coaching; it focuses heavily on the importance of education. Upstairs from the boxing gym is a classroom where students spend two thirds of their time in lessons and tutorials (with the other third spend in the training gym). The aim is that no one leaves the Academy without at least a basic qualification in English, maths and computer literacy. Advice on further training or employment options is given to those graduating. In the last academic year, 81 per cent of its students achieved a pass in both English and Maths GCSE. 94 per cent went on to further training. This is a perfect example of how charitable organizations are really providing the kind of innovative and personalized help that young people need.

Another example, although very different in nature, is the work of charity called Creative Society. Set up in 2009 to help unemployed people find paid work in the arts and cultural sector, it has already helped over a thousand people into paid placements in industries such as advertising, architecture, music and publishing. Another civil society organization, Tech City Stars, brokers apprenticeships for young people with Tech City firms. These organizations work with people to find out their skills and interests, and then match them with appropriate roles in these industries. That is exactly the kind of work that Jobcentres should be doing.

These types of civil society organizations are, from my experience, doing a much better job of helping young people into work than the state organizations that are tasked with that role. Their expertise should be much better utilized if we are to tackle the blight of youth unemployment. The London Boxing Academy and Creative Society are both examples of how effective civil society organizations can be at tackling the problems that lead to unemployment. If the state can find a way to harness this expertise, it would be a radical and positive change to our unemployment support system, and concrete results would soon follow.

We must also make it much easier for people to access employment support services. The first job centres, or labour exchanges as they were known at the times, were located in offices, shops, factors, churches and other community buildings. They were not the silos that today's job centres have become. We should think seriously

about how to locate support services in areas that are easy for everyone to access and where the stigma of unemployment is not so unhelpfully enforced.

A final reform should be to separate the two roles that the Jobcentre is currently meant to fulfil: distribution of unemployment benefits and helping people in work. It makes no sense for the same institution to process both benefit claims and employment advice. This simply fosters a culture of unemployed people being seen as a problem to be solved rather than as potential to be nurtured, and being treated not as potential contributors to a society but as potential benefit scroungers. If prisons have become schools for crime, then jobcentres have become schools for unemployment, too often treating unemployed people as little more than claimants to be processed.

The result of this experiment is that job centres increasingly measure success not by how many individuals they help into a job, but by how many stop claiming Jobseekers Allowance. This is like a doctor convincing himself that he has cured a patient who has not turned up for an appointment. It says that we no longer consider an unemployed person worthy of our attention once they have stopped claiming benefits.

This link should be permanently severed and the organizations that help people find work kept separate from those that distribute unemployment benefits. Only then will the motivation move away from getting people off benefits and instead focus on helping them into sustainable work.

Reform of the Jobcentre system is long overdue. As a result, unemployment, and youth unemployment in particular, continue to be a problem that our leaders refuse to address. Changing the system and giving a greater role to dedicated and highly skilled professionals who are already working with the unemployed is a necessary step. Only then will the vast potential of all those currently out of work begin, finally, to be realized.

CHAPTER SEVEN

WHAT IS THE ROLE OF THE THIRD SECTOR IN LABOUR'S PLANS FOR COMMUNITY RENEWAL?

Hilary Benn MP

Before becoming a Member of Parliament, I spent the whole of my adult life in the voluntary sector working for a trade union, and in my time as a minister, I had the good fortune to be part of some inspirational civil society campaigns. I helped to put the Climate Change Act on the statute book, to pass the Bill that has created the UK's first marine conservation areas, to establish the South Downs National Park and I was part of the fight to write off the debt of the world's poorest countries and increase the help we give them so that fewer children die of diseases that our children don't die of, and so that they can grow up and go to school.

And as the Member of Parliament for Leeds Central, I have the privilege of working alongside wonderful voluntary and community organizations which both add so

much to the life of our city and act as a lifeline for those who often have least.

The wretched bedroom tax – which is affecting over 2,000 of my constituents – is one of the reasons why we now have five food banks in Leeds run by volunteers who are helping a growing number of desperate families and children. It should be a matter of shame that in one of the world's richest nations, at the beginning of the twenty-first century, over 900,000 people last year had to pluck up the courage to go up to a complete stranger and say 'we've never met before, but can you help me, because I cannot feed my family.'

In lots of our communities, the voluntary sector is that lifeline. It is there when all hope seems gone. It gives people the chance to develop that self-confidence and aspiration which each of us yearn for, because it changes our lives and the lives of others.

I know how tough it is for many third sector organizations because of what is happening on funding, just as it is tough for local councils because of the cuts they are having to contend with. I believe in being straight. If we win the election next year, we will have no extra money to give to local authorities. But there is one thing I can promise; we will change the way in which that funding is distributed.

When times are tough, tough decisions need to be made, but they also have to be fair decisions. So there can be no justification for the Coalition deciding to hit the most deprived communities the hardest. The 10 most deprived local authorities in the country are facing a

reduction in their spending power that is 10 times greater than the 10 least deprived.

In the next four years spending power per household in Wokingham will be greater than in Leeds, Sheffield or Newcastle, even though the needs in those cities are much greater. That cannot be right, and it needs to change.

But something much bigger needs to change as well. And that is the way in which decisions are made and the way power is exercised in our society.

The global financial crisis came as a great shock to all of us. We thought we had built our future economy on firm foundations, but they melted away like sand falling through cracks in the rock. I am of a generation which worries that the lives of our children will not be better than the life we have enjoyed. And that's why the Government's view that all will be fine once we have dealt with the deficit – as, of course, we must – is so misguided. We face a much more fundamental choice about the kind of society that we wish to be. One which cares about inequality and wants to build an economy that values the long term over the short-term.

Now, how does all this affect the prospects for community renewal when we have a crisis of confidence in our politics? A belief that nothing can be done and that none of the political parties have the answers. Mourning for a past that has gone and fear of a future that is to come. And above all, a feeling of powerlessness – which for some leads to cynicism – because too many decisions are taken too far away from us.

The truth is that cynicism will achieve nothing. We all have a responsibility to play our part, not least because we know from our history and our experience that working together to change things – that’s what politics is – has the power to transform lives in the most extraordinary way. And that must include ensuring that the voice of the third sector can continue to be heard, which is why we will repeal the Lobbying Act that gags charities and grassroots community groups, so that they are free to speak out and campaign on the issues that matter to them.

There is no doubt that these are difficult times, but I am an optimist. The thing about a crisis is that it makes change possible. And when you combine that with a clamour for change, then you have a very powerful force. And there is now a clamour in favour of devolving power. Why is this happening?

First, because we understand now that you cannot run everything from the centre. It does not work.

Secondly, because we have less money, and therefore we have to take the money that we do have – the Whitehall pounds and the local pounds – and use them in our communities to do the things we want.

And thirdly, and most important of all, because giving people the belief that they can do things for themselves – and the means of doing so – is how we will restore faith in our ability to build something better for the future.

We’ve done it already with devolution to Scotland, Wales and Northern Ireland, but England remains the last unreformed part of the United Kingdom. We need

a new deal for England in which power is also passed down, not to a new tier of regional government, but to the elected representatives we already have and the communities they already serve, and this is a great opportunity for the voluntary sector.

After all, the voluntary sector is the very antithesis of the consumerism that has overwhelmed too much of our public life. By that I mean making choices on the basis that someone else will go away and sort out our problems for us while we get on with the rest of our lives. It's a recipe for disappointment and it is not sustainable, whereas the third sector is the living embodiment of a contributory society. Putting in time, effort and energy. Rolling up our sleeves. Being prepared to go out there and do something.

So, where is this all going to take us?

Let's consider three of the great challenges every community faces: finding homes and jobs for the next generation, and looking after our growing elderly generation.

House prices and rents are sky high because we simply haven't been building enough homes. We all know this. In one survey 80 per cent of people agreed that there was a housing crisis, but 40 per cent of them then said 'But you're not going to build any of the houses we need near where I live, are you?' It's why we need the contributory principle to solve the problem.

Communities should take on the responsibility for identifying the sites where the houses they need for their children can be built, and in return they should have greater power to ensure that those sites are where the homes are built. Good quality homes and the

infrastructure that, along with people, makes a community. What an opportunity for organizations working on neighbourhood planning, community capacity building, and for custom builders and housing associations because we need more sites and more people building homes.

And how about jobs? I know that many feel the Work Programme has offered nothing to the voluntary sector. I agree. By the time the main contractors had taken their cut and the subcontractors theirs, there were very few crumbs left even to fall off the edge of a table. And by the way, the Work Programme hasn't been very good at finding people work.

That's why we will change it. We will end the current contracts and put local councils in the lead, working with the Department for Work and Pensions. This will be an opportunity for voluntary groups to work with their local authority and show what they can contribute to a different way of helping people into jobs. After all, it is the voluntary sector that is uniquely placed to reach some of the most excluded and disaffected people.

Thirdly, we need to fundamentally rethink the way government works, including with communities and the voluntary sector.

Last year we asked three council leaders to establish the Local Government Innovation Task Force. Their report has set out a powerful case for a different way of providing public services.²²

22 Local Government Innovation Taskforce, *Final Report: people-powered public services* (July 2014).

We need to pool the money we have and focus it on places and people, rather than institutions and silos. Whether it is working with families that are troubled or trouble others, dealing with crime and antisocial behaviour, finding jobs and improving people's skills, or working to build on the economic strengths of different parts of the country, it is local communities and their elected representatives who should be taking control and then be held to account.

The Task Force has proposed devolution of power and funding, prioritizing preventative investment, and greater local accountability for how both are used. One example of innovation that is helping to prepare the ground is councils coming together to cooperate in city regions and combined authorities because it makes sense for them to take decisions in the long-term interests of their communities.

I want to see this in every part of the country. Not just city regions but county regions as well. As Ed Miliband has said, we will pass powers down to these new bodies that are being created from the bottom up. Powers over planning, transport, skills and economic development, supported by regional banks, because one of the ways in which we going to build a stronger and more stable economy is to build up other places as well as London. And devolving funding – £30 billion of existing public spending over the next 5 years. That's £6 billion a year – three times as much as the current government – to local authorities, combined authorities, economic prosperity boards and local enterprise partnerships for economic development.

Passing power down is also the way in which we are going to deal with the greatest social challenge of our age – caring for a growing elderly population. Getting old is by definition a universal experience. First it is our mums and dads. Then it's our turn.

But we have created a system in which if I break my leg, or I am depressed or I am old and I need help getting dressed in the morning, we have different bodies and different pots of money to deal with different things that affect the same person.

We all know that there are elderly people lying in hospital beds this morning, at great expense, who do not need to be there but they are for want of a ramp, or a walk-in shower or someone to come and help them get dressed and do their shopping so that they can live at home.

We need to sort this out. And the way to do it is obvious. Get the hospitals, the clinical commissioning groups, the local authorities and the voluntary sector to come together to work out how we can best use the money we have – but which is now trapped in different silos – to meet people's needs for care.

And this is also the way in which we going to deal with even harder choices that local councils are going to have to make over the next few years as the cuts continue to bite.

Given their scale it will be impossible for local authorities to maintain the range of services that they been providing. We know that, and so the question is 'what can we do?' Last year I went to visit a library that the

council announced it could no longer afford. It's still a library. It is now run by 41 volunteers from the local community who cared so much about it that they were prepared to put time and effort and energy into keeping it open. They're showing what can be done.

Who's dealing with the debt crisis? Recently, I met the Leeds Debt Forum. We couldn't quite work out whether to be depressed by the scale of personal debt, the activities of the loan sharks and the payday lenders and the impact benefit changes, or encouraged by what people are doing in Leeds to respond. Well, I was encouraged. In Leeds, we have a great credit union with over 30,000 members. The only trouble is that many of the people who need to borrow – and we all need to borrow at times – still don't know anything about it. But what its very existence shows is that you don't have to wait for government to get the message to do things for ourselves.

But government can help. This is why we will give communities the planning power to say that we have enough betting shops and payday lenders in our high street and we don't need any more, and we will levy the payday lenders to raise funds so that our credit unions can grow bigger and help more people. And in doing all of these things, we must make best use of the powers we already have. Every single local authority in the country is now free to do whatever it wants as long as it is not prevented from doing so by other legislation. It's called the power of general competence, but it actually means 'get on with it.' Some councils are using it really creatively, but others are still recovering from the hangover of an era

when local government got used to being told what to do by Whitehall.

Let's make greater use of the Social Value Act. What an opportunity to get councils to spend their money on procurement in a way that creates jobs in the local community, trains young people from the local community and buys goods from suppliers in the local community including social enterprises.

Now of course there are big challenges in doing all these things. Sustainability, finding funding and keeping hold of it. Accountability to the wider community as the voluntary sector takes on more provision of services. But the truth is the future we face will involve society relying more on what we can do together as we take on greater responsibility. And that includes passing power down not just from Whitehall to the town hall, but from the town hall to the community.

Some of the changes I have talked about are the new wiring of a different politics, but what really matters is what happens when you flick the switch. When you trust people to take decisions for themselves, and when you give them responsibility to make choices. Yes, it is daunting when a great idea takes off. Yes, it is uncertain. But it can be done because we know that it is voluntary and community effort that in so many ways and in so many places has transformed this country.

Because we know that when we look back at our lives and ask ourselves the question 'what are we most proud of?' the answer is pretty clear: the things that we have put most of ourselves into.

And that's what I see in every community in every part of the constituency I have the privilege to represent.

Take for example Holbeck Elderly Aid running a luncheon club that provides the only chance some people have of talking to another person all week. Or the volunteers of the Beeston Broncos braving a rainy Saturday morning so that their under-10 players can still dream of representing Great Britain one day. The staff of the Ebor Gardens advice centre providing a listening ear and advice to worried people whose debts and life have spun out of control. Or else the Leeds Learning Disability Forum enabling those who are all too often are ignored or forgotten to find a voice and be heard. This is what the voluntary sector does. That's what we need, and more of it.

And if anyone suggests it can't be done, remember this. In June, we commemorated the seventieth anniversary of the D-Day landings. When victory was at last won, those who had survived returned home to a nation that had been battered and exhausted by nearly six years of terrible conflict. And yet, in the years that followed, our nation emerged stronger and fairer than before. Communities pulled together. Even with rationing and money tight, as a nation we defiantly raised our sights. The NHS was founded. Much-needed homes were built. The family allowance was created. And the first national parks were established.

If we were able to achieve these great things in the midst of the ashes of the greatest conflict of the twentieth century, then surely it cannot be beyond

our collective ability to harness the same energy, determination, ideas and passion to meet the great challenges of the twenty-first century. Those, after all, are exactly the qualities that the voluntary sector has in abundance.

CHAPTER EIGHT

THE NATIONAL STRATEGY FOR NEIGHBOURHOOD RENEWAL: WHAT WANDSWORTH COMMUNITY EMPOWERMENT NETWORK (WCEN) DID NEXT

Sadiq Khan MP and Malik Gul

Introduction

As local community leaders in Wandsworth, we have seen many changes. One of them has been the impact of cuts and lack of support from the Council to community and voluntary groups since the early 1980s. Whereas other councils supported and helped local groups flourish, the Conservative flagship council of Wandsworth has only ever focused on the core statutory services.

Despite this however, the picture in Wandsworth isn't all gloom and doom. Born from an eventually failed policy for Neighbourhood Renewal, the

Wandsworth Community Empowerment Network (WCEN) is a local charity which has traversed a learning curve of failures and successes and now presents an unprecedented solution to localized challenges, with a system which unites all branches of the community; working equally alongside public agencies. WCEN's journey and success presents a case study for Neighbourhood Renewal that public policy simply cannot afford to ignore.

'Things can only get better'

When Labour swept into power on the back of a landslide election victory, after eighteen years in Opposition, the new Government was ambitious for change. At the heart of their policy was a plan to use public services more effectively, to create real and tangible change for local communities.

In September 1998, the Labour Government commissioned the development of a National Strategy for Neighbourhood Renewal, with Community Empowerment Networks (CENs) at its centre. CENs were government funded initiatives, aiming to bring local people together, to create networks in key interest or challenge areas. The networks would be allocated reserved seats around Local Strategic Partnerships (LSPs). As LSPs would be responsible for developing local plans, and for deploying their allocation of the Neighbourhood Renewal Fund (NRF), this presented a genuine chance for communities to play an influential role in the allocation of the hundreds of

billions of pounds government departments distributed annually in this area.

This 'partnership of partnerships' aimed both to share knowledge and intelligence and to pool resources, in order to tackle the vexatious issues of poverty and deprivation. LSPs and CENs were to play an equal role in a process, bringing together council leaders, health services, the police, education, business and communities. CENs would also be responsible for administering grants to smaller community groups to enable a much wider grassroots and frontline engagement in the renewal of neighbourhoods and communities. In short, a whole system process for system change, with communities being at the centre of decision-making.

Too good to be true?

For those in the voluntary and community sectors, the feeling was that all their boats had come in at once. The Labour Government's vision to engage and empower communities, as an invaluable tool for the policy process, was the correct one. They allocated multi-million pound resources towards the project, creating 88 CENs across the country, in the areas which had ranked poorest in five areas (Health, Education, Employment, Housing, Crime and Environment). These 88 areas included 70 per cent of all people from ethnic minorities, with those at the top of the deprivation list being large urban conurbations (e.g. Manchester and Birmingham), mostly in the North, which had suffered from deindustrialization in previous

decades. In London there were 20 neighbourhood renewal areas, with Wandsworth (in which Tooting sits) ranking 87 out of 88. With no existing voluntary-sector infrastructure organizations in place, local people formed a charity which would become the account holder for the funds diverted towards Wandsworth, and so, the WCEN was born.

The reality turned out too good to be true. The Neighbourhood Renewal programme started to unravel a few years later, and central funding stopped. Unlike many CENs however, WCEN was an independent charity, and so it was one of the few which carried on its mission. Public policy tried to tackle the issue of 'post-code poverty' again, with Neighbourhood Renewal: National Strategy Action Plan (2001), yet this initiative was also ultimately unsuccessful, closing down after a single parliament and arguably causing future Governments to lose faith and confidence in community empowerment processes.

These policy failures highlight a major problem with the WCEN, through its own failures in past decades, come to realize and resolve. Governments have a tendency to create policy that aims to resolve issues of deprivation in certain areas in short time spans. In three to four-year government cycles – the term in which success or failure is judged – the neighbourhood renewal programme was abandoned, just at the very point when the fault lines were starting to reveal themselves, allowing for sticking plasters to be applied in readiness for the next initiative that would come down the pipeline.

A common bond – and an opportunity for WCEN

The abandonment of the neighbourhood renewal programme turned out to be a turning point for WCEN, in how we perceived the work that we were doing. It changed our way of seeing. WCEN took this as an opportunity to reorganize itself. In the third term of the Labour government, the Department for Communities and Local Government established a 'Connecting Communities' Fund as a way to partially mitigate the loss of community empowerment funds, and WCEN was awarded a grant. Now, we became enabled to explore our communities and seek connections between them. A common bond had been formed amongst WCEN members, as we kept failing and each time learned better ways to avoid doing so again.

The newly identified cohort of faith groups and community associations that had become the CEN membership opened up a new gateway of knowledge and understanding of social infrastructure. As WCEN were invited into these communities, to their services of prayer and thanksgiving, their gatherings and funerals, inaugurations and celebrations, fascinating vignettes and insights started to emerge. These networks were not passive recipients of public agencies frameworks, in need of control and management to deal with problems. Instead, they were organic and evolving networks of social relationships, supporting and enabling their members to survive and strive, and in many cases they were growing and thriving (the growth of the black church is just one example of this).

Communities with experience and knowledge that enabled them to identify and assist in the solutions to these same issues became invisible. In many cases, and without any sense of irony, they were labelled ‘hard to reach’ and seldom heard. The more time we spent with these different social networks, the more it became clear that the ability to tackle the social welfare challenges we faced did not lie in the local strategic partnerships, but in the hands of these very same communities themselves.

**Unites all branches of the community;
working equally alongside public agencies**

To WCEN the task became very clear: to continue to empower communities to become part of decision-making processes in line with our original mission, but also begin to re imagine public agency resources enabling these communities, in ways that would unlock their social capital towards the generation of public value. What we have managed to retain in Wandsworth is relationships. These relationships are our greatest resource. An invaluable group of people: many leaders and members of communities, living and working together through over a decade of shared experience, bound together through shared values of community. Just as with the original intention for the Neighbourhood Renewal programme, the WCEN membership was evolving, no longer being passive recipients of services but becoming active producers of them. We began to be much more aware of our

collective abilities and civic responsibilities, and gained the confidence to invite public agencies to our tables.

This takes time, and in 2008, things started to shift and change. The then-Chairman of the South West London and St George's Mental Health Trust was keen to recruit new members to become part of their Foundation Trust application process. The over-representation of BAME communities in mental health services continued to be a challenge the Trust could not address, and there was an acceptance that only when you changed the diversity of the decision-makers would you be able to mount a serious and concerted attempt at tackling this problem. BAME communities were an invitee to the Trust. WCEN advised that the years of failure made these types of invitations redundant. What communities would welcome is for the agencies to come to their table and learn from them about what they think would work, as they do have their own ideas borne out of years of accumulated knowledge and experience. They also have skills, assets and resources which they are able and want to contribute. To his credit, the Chairman took up this challenge.

From here began a journey of confidence-building and trust. Other leaders followed from across our public agencies, visiting community groups and associations. For many, sitting in groups of black pastors, women in hijabs, imams and religious teachers, young boys and girls, Buddhist monks, and Hindu religious devotees, was a new and revelatory experience. The people they had met on these journeys, in fact, were confident and capable leaders and communities – strong in their histories, identities

and beliefs. Intelligent, articulate, understanding of the difficult challenges that we collectively face, these groups were crucially, willing and able to work collaboratively to make a difference to our shared public sphere.

The IAPT programme: the way in

The Trust's Improving Access to Psychological Therapies (IAPT) programme provided an immediate opportunity to act on the new relationships and insights that were beginning to be forged. How do we co-produce these services, how do we enable community organizations to help shape them, how do we unlock the hidden value of communities beyond the prescribed activity? The service became our way in. The over-representation of black communities in mental health services was a problem which both empowered communities and public agencies wanted to solve. If we could co-produce this service, we could start to map out a ladder of involvement and improvements.

The next few steps up the ladder were taken. IAPT and Family Therapy teams were beginning to be connected together with faith leaders, co-producing these services to operate within their own social networks, supporting identified communities in need. As each rung is taken, the knowledge of how decisions are made starts to widen. Community leaders become much more aware of how services are designed and delivered. When they have a hand in them, take ownership and responsibility for success, and are able to co-produce, the services start

to become much more intelligent and also have more consent to act and intervene, with community leaders themselves in the forefront of this process.

Here in Wandsworth, we have started to bring out and discover the next few rungs. We have begun empowering and educating local community leaders and people to work with public services in order to help service their own communities. This has allowed us to develop dementia and memory clinics within community networks, as well as self-management health care schemes, led by local people, delivered in the local settings in ways which they know best. We are also developing steps towards health checks in communities, as well as exercise, healthy eating and cooking classes, with local people in leadership roles. On each rung, more local people in their own networks and more service teams are being connected together, working towards whole-system architecture. This is opening up the possibility not only of a genuinely integrated health and social care sector (public agencies connecting with each other, and also connecting with communities as equally and equitable stakeholders, which indeed they are and must be), but also the redesign of pathways into services. It is doing so through the collective sense of shared responsibility for our public sphere, through active participation in it.

What next for the future?

Surveying the past 16 years of local empowerment, a few general lessons have emerged. If the other 87 Community

Empowerment Networks had not been abandoned in their adolescence, and instead allowed to mature beyond their difficult years, they would have ended up on the same page as we have in Wandsworth. If you think about the challenges that we face as a society long enough, we would all arrive at the same conclusions. The levers to shift and change communities and neighbourhoods are held by its members, alongside and within their own social networks. These networks, once understood, are the operating systems of our whole society.

In Wandsworth we have identified over 200 churches, over 30 black Pentecostal churches, 7 mosques, 6 temples, and over 500 voluntary, community and recreational associations that together form the social fabric that makes up our local society. Within these lies the solution to our social welfare challenges, and to the associational foundation of our democracy.

The future is hybrid models of ‘delivery’. Not ones that serve just prescribed targets, important as they are, but those which also activate civic participation in design and delivery. Making all this stick together, at the very centre, is a Community Empowerment Network; local people who have been enabled to ‘get it’, whose service to community is not an abstract notion of public policy positions, but as a lived experience. We must keep in mind that it is people in their own social networks who have the power to change their own circumstances. And it is they who will build our better futures.

The challenge for us all is to develop the processes and mechanisms to enable them to do so. The ‘how’ to

do this is already known to us, we just need to look and see and have the courage to do. Wandsworth communities, by a quirk of history, are beginning to illuminate the way.

CHAPTER NINE

THE IMPACT OF COALITION CUTS ON THE THIRD SECTOR IN LANCASHIRE

Will Straw

On a typical summer's Saturday, with black clouds menacingly sitting over the Pennines, around 2,000 people attended Edgeside Park, Rossendale at the free White Horse Project festival. Local acts, including opera star Sean Ruane, entertained the audience while stalls offering craft workshops, CPR training, football-related competitions and home-made cakes dotted the perimeter.

The event is the culmination of months of hard work and planning by Reverend Rod Bevan and his team, who organize a youth club several nights a week at an old industrial unit nearby. The Project serves one of the most deprived communities in the borough providing homework clubs, music equipment and a popular social night every Friday. Many of the stewards, sound technicians and lighting designers at the festival had come through

the ranks of the Project while many of the stall-holders and security staff volunteer regularly.

The White Horse Project and its summer festival epitomizes the spirit of the community and voluntary sector in East Lancashire. But earlier this year the Project was threatened with homelessness after the Borough Council was forced to remove its contribution to the £7,000 ground rent.

The drop in funding at a local level has been dramatic. Rossendale Borough Council has seen its total grant-giving fall from £200,000 to £60,000 over two years. After years of supporting a wide range of community organizations, they have been forced to take a 'principled stance,' in the words of council leader Alyson Barnes, and focus their scarce resources on the Citizens Advice Bureau, local credit unions and domestic violence charities.

Thankfully, local businesses and individuals including the Rotary Club stepped in to save the day for the White Horse Project. But a number of other charities and voluntary organizations across the region have not managed to weather the Government's austerity drive. For example, REAL for Rossendale, which had supported individuals and voluntary organizations across the borough with a particular focus on health and well being issues, was forced to lay off its final members of staff earlier this year.

Although the Burnley, Pendle and Rossendale CVS has managed to stay afloat equivalent bodies in other parts of Lancashire including the Chorley and South Ribble CVS have not been so lucky with catastrophic consequences for the local voluntary sector.

Across the North West, 'we've noticed some groups struggling and some groups disappearing' says Richard Caulfield, Chief Executive of Voluntary Sector North West, which acts a regional network and champion for the sector.

But the success of the White Horse Project indicates that positive outcomes are possible. The cuts to local government funding, which have disproportionately hit the North of England, have forced many charities, which have stayed afloat to look elsewhere for funding.

Proffitts CIC, a community generation organization in Rossendale registered as a community interest company, which focuses particularly on the environment and quality of life, has achieved some marked success in recent months. Working with Rossendale Borough Council, which provided administrative support in lieu of a financial contribution, the group put together a match-funding grant application to waste management firm, Biffa, for improvements to improve a dilapidated local park. Their success meant that more modest grants from the Lancashire Environment Fund, social landlord Together Housing and the Stacksteads Countryside Park Group got double the bang for their buck. In total £88,000 was raised. The group also raised £162,000 for improvements including a new playground at Snighole Park in Helmshore through a Section 106 housing agreement after three years of work.

Elsewhere in the valley, Horse and Bamboo, the renowned puppet theatre which provides volunteering opportunities for scores of people, received a spate of good

news. Arts Council England bucked their London bias to give a major three-year grant while the Esmée Fairbairn Foundation provided more modest support for Baby Boo, a sensory workshop for young children.

Sadly these success stories are all too rare and the lack of support for CVS organizations is exacerbated by the nature of what is available. As Rachael Gildert from Profitts told me, ‘in an ideal world there would be more money but greater understanding and flexibility in how grants are given would make a big difference.’

The problem is that many funders are unwilling to fund the administrative costs of charities including the time it takes to complete onerous funding applications. Other schemes which had been aimed at supporting this kind of infrastructure have been forced to close including the Big Lottery Fund’s ‘Basis’ programme which had been billed as ‘helping voluntary and community organizations become more effective.’

The lack of this kind of funding makes it almost impossible for small charities to put together larger funding bids without support. In a more competitive funding environment, the larger charities with their own fundraising departments are always likely to win out over untrained volunteers.

REAL for Rossendale was one of the organizations that suffered from the end of ‘Basis’ funding having helped numerous organizations and events get off the ground. Pat Smith worked as a Community Development Office for REAL for four years. She told me, ‘I hear more and more statutory services saying that we need a

community group to do this or that. But I don't know where the groups or people are any more to get things off the ground.' It may be some time before the full impact of the funding cuts is properly understood.

If Labour wins next May, it will face a number of difficult spending decisions and it is highly unlikely that the voluntary sector or local government will see any increase in funding. Nonetheless, it would be possible for existing pots to be better utilized. Critically, funders should recognize that with proper accountability, voluntary organizations will be much more effective and efficient if some of their core capacity is supported.

One might fear that the straitened financial times would have a chilling effect on the numbers of people willing to volunteer. But one unintended consequence of the cuts has been that the sparse data on volunteering has declined even further. 'No one has an exact handle on data or information,' says Richard Caulfield. 'We've never been very good but the lack of resources means we're even less clear.'

That said, most people agree that the number of volunteers continues to increase. Christine Blythe, Chief Officer of the Burnley, Pendle and Rossendale CVS, says there are roughly 2,000 voluntary opportunities in her patch at any point in time. She has noticed an increase in the numbers of volunteers with additional support needs. This may have been partially due to the cuts. Phil Clay, chair of the same organization, says, 'more people who have been made redundant don't want to do nothing.'

Volunteering is seen by many in the sector as an important way for an individual to gain self-confidence and a sense of routine on their pathway back to work. This should be supported by the government but not enough has been done by the Coalition to support the role that charities play in getting people ready to return to the labour market or enter it for the first time.

Volunteers with mental health needs or disabilities will often need additional support which voluntary organizations cannot hope to provide if their core costs are being cut. Meanwhile, the 'payment-by-results' structure of the Work Programme is unsuitable for many charities which do not have the scale to take on new risks without the prospect of secure funding.

In addition to recognizing the importance of supporting core costs, which would make a big difference to these efforts, the government should recognize that not-for-profit organizations in the voluntary sector require a different payment structure.

The Stubblee Community Greenhouses in Bacup provides an illuminating example. They work with around 50 socially excluded people every week including many with mental health issues or victims of long-term unemployment to provide gardening and craft skills. The charity were recently devastated by burglars which took off with thousands of pounds of tools and their current funding from the National Lottery runs out in November after three years. Despite everything that they are doing to get people off welfare and back into work, there is no support from DWP for what they do.

It would be far better if welfare to work funders, including the Work Programme, could adapt their model to recognize the role that many charities like the Stubble Greenhouses play. Rather than paying only on result, these charities should be given a contract with no strings attached to the funding, but then only receive repeat funding if the right outcomes are achieved. As Richard Caulfield says, ‘the biggest reward for the voluntary sector is getting a contract rolled over.’

This would allow charities to take more risks in relation to how they organize their volunteering opportunities and experiment with a more hands on, less ‘box tick’ approach than is now common with private sector contractors. As Lankelly Chase chief executive, Julian Corner eloquently said: ‘as competition for resources and payment-by-results contracts kick in, the honesty and humility required to explore these big questions [around how to deliver a more “relational” approach to service delivery] will seem too risky for some, as they feel forced to overstate their confidence in the effectiveness of their work.’

The voluntary and community sector in East Lancashire has undergone a rapid transformation in the last few years. There can be little doubt that the budget cuts – focused as they have been on Northern councils – have taken their toll on the quarter of charities who rely on public sector grants. Meanwhile, the consequences of the global financial crisis have affected all charities and fundraising has become harder to achieve. The result has been the scaling down or complete collapse of some charities.

But East Lancashire has been lucky in the sense that some of its core infrastructure including the CVS has stayed in place and councils have done all they can to support local charities despite the lack of their own resources to pass on. Rossendale Borough Council was described quite straightforwardly by one stakeholder as ‘the best’ at working with local charities.

In East Lancashire, opinions diverge on whether the Government’s ‘Big Society’ agenda was either ‘what we’d been doing all along,’ as Phil Clay claims, or cover for a belief in the ‘small state’ which is Richard Caulfield’s view. If the latter is true, it has risked becoming cover for a smaller society too.

But nothing is inevitable. By encouraging more flexibility in the provision of grants for core costs and reforming the Work Programme so that CVS organizations are recognized for the work they do, the next Labour Government could restore some genuine support to the sector. It’s about time that the volunteers of East Lancashire and the rest of Britain were given the support they truly deserve.

CHAPTER TEN

SOCIAL INVESTMENT – HOW COLLABORATION CAN EMPOWER THE THIRD SECTOR TO SOLVE COMPLEX SOCIAL PROBLEMS

Rt Hon Hazel Blears MP

Many of us will only have direct experience of charities when we support an appeal, or donate to a local charity shop. In 2012 we gave around £9 billion to the UK charitable sector.

However, charities give back an estimated £11.8 billion in Gross Value Added (GVA) every year through their valuable work in communities. That figure includes spending on services and staff costs. If the social benefits of their services were considered too – be it helping people back into work, or keeping them out of hospital – the figure would be much higher. The human benefits are also immense.

At a time of austerity, when public sector organizations like councils, hospitals and police forces are short of cash, we need charities' help more than ever. They can play an important role in a 'prevention is better than cure' approach, which relieves pressure upon services instead of cutting them. This involves identifying potential social issues at an early stage and investing in solutions which will save public money in the long-run. Charities and social enterprises, with their benevolent aims, specialisms and innovation, can play an important part in this through collaboration with public bodies.

But these are equally difficult times for voluntary organizations. Donations to charity fell by 20 per cent in real terms following the recession and grants are harder to source. At a time when we need more, not less, of their vital work, how can charities access investment to preserve and grow existing programmes, and start new ones? The emerging social investment market could hold the key.

The social investment market involves social finance providers, such as trusts and foundations, lending money to organizations including charities to fund projects and services aimed at tackling specific social issues. These lenders are inspired by doing good, not purely by profit. Many of these investments are organized so that they only recoup their investment from the public sector – at lower than normal interest rates – if a programme works for the people using it. In this case the repayment is funded by sharing the long-term savings generated.

It's a system of payment by results in which investors rather than tax-payers or charities bear the risk. This kind of collaboration between investors and the public and voluntary sectors could be an important way of improving people's lives in the years ahead. There are already 14 Social Impact Bonds operating in the UK and through these we can learn what works and how we can best fine-tune the model.

One such Social Impact Bond involves the excellent charity Teens and Toddlers, and has been operating at schools in my constituency. The charity helps 13- to 17-year olds who have had a difficult start in life. They may be less likely to pursue education or training when they leave school, and could struggle to find a job. The Teens and Toddlers programme aims to improve their social skills, self-esteem and sense of responsibility through an 18-week programme in which they mentor nursery children who themselves need extra support. Participants can earn an accredited NCFE Level 1 qualification in Interpersonal Skills, which helps them re-engage with school and go on to further education.

The scheme was already established elsewhere when it last year secured a three year Social Impact Bond contract through the Department for Work and Pensions' (DWP) Innovation Fund. Only 5 per cent of participants ended up out of work, education or training, compared to their teachers' 45 per cent estimate, and only 1.6 per cent of the young women taking part reported a pregnancy. The Centre for Excellence in Outcomes calculated that for every £1 spent, Teens and Toddlers saved society £6.

The Social Impact Bond builds upon these promising foundations and is being managed by Social Finance, the social investment intermediary. Teens and Toddlers are supported by the Barrow Cadbury Trust, Big Society Capital, Bridges Ventures, CAF Venturesome, the Es-mée Fairbairn Foundation and Impetus-PEF. Together their work will fund a Teens and Toddlers programme for more than 1,100 at-risk 14- to 15-year olds in schools across Salford, Manchester, Bolton, Oldham and Tameside – areas with high proportions of young people not in education, employment or training.

Last year I met nearly 90 local girls who had taken part in the scheme, and from what they told me they had learned a lot – not just about working in a nursery, but also about the responsibilities facing parents and carers, and the importance of education. The programme is being measured against a range of criteria including behaviour, attendance and academic qualifications. For every positive outcome a young person achieves, the investors receive an outcomes payment from the DWP. If the project achieves the expected results, they could make a profit from their investment and the charity will also share any surplus.

The DWP will save much more money if these young people go on to find jobs, as they will not need to claim Job Seekers' Allowance and will be less likely to qualify for housing and council tax benefit. Other Government departments should also benefit. Young people in work are more likely to maintain a healthy lifestyle, potentially saving money for the Department of Health (DoH). The

DoH will also feel the benefit of a reduction in teenage pregnancy rates. If young people are employed they are less likely to resort to unlawful means to pay their way, meaning savings for the police and Home Office. They will be paying income tax and National Insurance to the Treasury, and will have more money to spend in local shops and businesses. The local council could also benefit through reduced costs – for instance, if fewer pupils exhibit challenging behaviour and need to be taught in referral units.

I hope the results of the Social Impact Bond will support the theory that programmes like this have huge potential to help people, save money for the Government and boost local economies. Of course, they would need to be scaled up in order to help more people, and this would mean extra cash would be needed to run the programmes and then pay investors. That is where collaboration between different commissioners and service providers like charities could be vital. It might not be unreasonable in the case of Teens and Toddlers for example, for the DWP to be joined by the DoH, Home Office, Treasury and local council in funding outcomes payments if all are benefiting from savings.

I'm not pretending this will be an easy equation to square. It will certainly present challenges, not least how the benefits to different departments are measured and their financial contributions tailored accordingly.

But I learned from my own experience of serving in government the importance of departments working together. The people they serve do not partition their lives

into silos, and the issues they face often encompass a range of problems relating to poverty, health, education and crime. That means we need joined up approaches to tackling these issues, both at government and local levels, and both within and between different public bodies and voluntary organizations.

We are already seeing some recognition of the benefits of collaboration among commissioners when it comes to social impact bonds. The Centre for Social Impact Bonds, set up by the Cabinet Office in 2012, has established a £20 million Social Outcomes Fund to help fund outcomes payments when they cannot be justified by a single commissioner but benefits are spread across Government departments. The fund is contributing 9 per cent of outcomes payments to a new five-year bond launched by Manchester City Council and funded by social investor Bridges Ventures.

The charity Action for Children will support up to 100 vulnerable young people from expensive residential care into specialist foster care through intensive support over 12 months. The investor will be repaid a maximum of £148,600 per young person if they achieve outcomes like moving out of their residential placement, attending school and behaving well over three and a half years. This represents a saving of almost £400,000 for the council, based upon the estimated £546,000 cost of the young person being in residential care during this time – but it could also save money across Government if they go on to find work and lead stable, law-abiding lives.

Departments have joined forces to fund two other new bonds. The £16 million Youth Engagement Fund bond aims to help 18,000 disadvantaged 14- to 17-year olds participate and succeed in education and training, and is funded by the Cabinet Office, DWP and Ministry of Justice. A £15 million three-year Fair Chance Fund, which aims to get 2,000 homeless young people into sustainable accommodation, education or training, is supported by both the Cabinet Office and Department for Communities and Local Government.

As part of the bidding process, service providers including charities were also encouraged to work together, as well as with investors, to come up with innovative ideas to achieve these aims. That will be necessary in most cases to achieve the scale needed to bid for the required £500,000–£3 million in outcomes payments.

But collaboration would also enable charities to share ideas, and see how a particular strand of one organization's programme may complement work being done by another. If they can then work together to provide a more holistic solution to people's needs they will stand more chance of securing investment and winning social impact contracts – giving them a new way of helping their target market, perhaps on a greater scale.

I've seen charities working together for the greater good in my constituency. Last year our Business Connector, seconded to the charity Business in the Community from Marks & Spencer, helped bring 12 local charities together in one shop, including homelessness charity Emmaus Salford, Salford Women's Centre, and

Salford Disability Forum. They would have been unable to afford to run their own unit, but together they reaped the rewards of a three-month retail presence, raising nearly £12,000. There are already fantastic examples of the public sector commissioning organizations to deliver programmes on a collaborative basis.

Salford City Council commissioned eight charities, social enterprises and community interest companies to help people suffering from lifestyle risks around smoking, alcohol, weight, lack of physical activity and low moods. I know of people who were suffering from depression and feeling suicidal until they got involved in the Being Well programme's one-to-one or group sessions. They are now turning their lives around, and these interventions should save the public sector money by helping people back into work and reducing spending on GP consultations and medication like anti-depressants. The range of organizations involved means people can be referred to one close to home, or one which will be best suited to meeting their needs. If applied to social investment, this kind of collaborative approach could provide a sustainable model to fund and scale up interventions – even as austerity continues to bite.

I am currently trying to secure DoH funding to enable one of the Being Well partners, the social enterprise Social AdVentures, to trial innovative ways of helping people with dementia to live well in their community. Details have yet to be finalized, but the idea is that savings would be made by helping the person to maintain their independence and relieving the burden on their

family - reducing hospital and care home admissions. If we can demonstrate that this works, there is every chance we can attract social investment to develop the model.

If we secure a Labour Government next May I want to see Ed Miliband commit to developing social investment. We helped develop the concept in the UK in 2010, with the launch of the first social impact bond. This mobilized charities including the St Giles Trust to cut re-offending among short-stay male prisoners at HMP Peterborough by offering them support in prison and upon their release.

As a party, we have committed to sticking to the Coalition's spending plans for 2015/16 if we win the general election, so we must be creative in spending money. But more importantly, where social investment funds programmes with a proven track record, or new schemes with a clear capacity to make a difference, it can significantly improve people's lives. The Peterborough bond has reduced re-offending by 11 per cent a year, although it faces an uncertain future following the Government's probation service reforms. I am therefore pleased to see social impact bonds like the Teens and Toddlers project being measured by the number of positive outcomes for the young people. The Home Office used to measure the success of drug treatment by the number of people in treatment rather than the number who came off drugs. A process was effectively being commissioned rather than an outcome. Social investment can harness the potential of charities and social enterprises to make a difference and I want to see a Labour Government join organizations like ACEVO and the Charities Aid Foundation in

encouraging the collaboration needed to fund and mobilize their fantastic work.

This potential is strengthened by our party's pledge to devolve power and funding to the regions. I believe empowering people on the frontline is a powerful catalyst for change.

The local foundations for the collaboration I believe is crucial to successful social investment programmes were laid when we were last in power. As Secretary of State for Communities and Local Government I encouraged public sector organizations to work together to achieve better outcomes for residents – because it is the same families who often place the biggest demands on different services. Many stepped up to the plate. In Greater Manchester for instance, our 10 councils share a community budget.

If we devolve more money and power, public sector organizations in the regions will be ready to work together, pool resources and use their local knowledge to commission social impact bonds best suited to their area and more responsive to people's needs. This has the potential to unlock the investment needed to innovate, deal with people's problems at an early stage and save taxpayers' money. That can only be good news for charities – and even better news for the people who will benefit from their help.

CHAPTER ELEVEN

SOCIAL ENTERPRISES AND PEOPLE-POWERED SERVICES: WHAT IS THE ROLE OF SOCIAL ENTERPRISE IN FUTURE PUBLIC SERVICE DELIVERY?

Chi Onwurah MP

The UK has only recently, and belatedly, emerged from the longest and deepest global economic crisis in history. In the wake of that crisis, an incoming Labour government in 2015 will increasingly have to find new and more innovative ways to provide high quality services.

As Labour's Shadow Cabinet Office Minister responsible for social enterprise and digital government, I launched a digital government policy review that has been examining how we can harness technology to empower people and improve services. I have been looking at how we can strengthen and support the sector. The voluntary sector plays an important role in delivering some services and in supporting an empowering communities.

The history of the Labour Party is rooted in the Labour movement, both pre- and post-industrial revolution. It was a movement which prided itself on voluntarism and collective action. The wholesale co-operative movement was born to protect Labourers from exploitation by employer-owned stores and greedy capitalists. The trade union movement was born to bring workers together to fight for better working conditions, 'by the strength of our common endeavour we achieve more than we achieve alone,' collectively. In each case it was a struggle, not for better charitable provision, but for what was ours by right.

Over decades the Labour movement fought for essential social goods, such as schooling and healthcare, not to be dependent on individual benevolence, charity or private sector provision. In the twentieth century, an 'objective state' was increasingly seen as the best way to ensure this. Also, this last century has seen the rise of centralized, meritocratic but also technocratic state entities, where the individual was sidestepped and individual benevolence was not trusted.

In the 1970s, 1980s and 1990s, there was growing criticism of the 'producer interest' the ever-expanding state represented. Too often, it was argued that the state was lacking in innovation, costly and remote from the communities it needed to serve and pray to entrenched vested interests. The last Labour government's solution was to raise performance through targets and to improve choice, innovation and cost effectiveness by means of market competition. This was very desirable and indeed

laudable. It led to significant improvements in the delivery of public sector service from ambulance response times to the number of GCSE passes.

But targets can sometimes drive undesirable behaviours and the key characteristics of market competition can sometimes be inappropriate to the delivery of social goods and public services. Michael Sandel gives many examples of the limits of markets in his book *What Money Can't Buy*. Markets do not always offer all the answers to concerns raised by a strong, centralized and therefore a remote state system. At the same time the increase in the working and/or studying population, particularly the increased inclusion of women and longer working hours, has raised incomes, productivity and GDP but has often weakened available community social capital.

Technology and particularly the internet now promote horizontal rather than hierarchical relationships. I cannot physically meet all my constituents – but I can email (almost) all of them. More importantly, they can email me and a great many of them do. The relationship between us is much flatter than it would have been 50 years ago, the same should go for many relationships with the public sector. And with the private sector for that matter. It is time for the state to evolve in response to these changes and to our own extended experience of the state.

Jon Cruddas recently spoke about how ‘Labour’s traditions lie in the popular movements of collective self-help and improvement; the temperance societies, holiday

clubs, cooperatives, and the trade unions. ... Before we became a party of the state we were a movement developing leadership, organizing people and creating power.' Jon is coordinating the Party's policy development. And as he said: 'we [will] build our future on these patterns of the past.'

Social enterprises help to build and sustain communities. And they are at the heart of what the Labour movement was founded on: voluntarism and collective action. But they face a particular challenge from a Government loading the playing field against them and in favour of what I call 'para-third sector organizations', which seek to brand themselves social enterprises in an attempt to Hoover up more public sector contracts.

Genuine social enterprises can offer examples and incentives to the private sector to increase the social value that they deliver. They are heavily concentrated in our most deprived communities, 38 per cent of all social enterprises work in the most deprived 20 per cent of communities in the UK, compared with 12 per cent of traditional SMEs. Unlike contractors such as Serco and G4S they are deeply embedded in the community. As small organizations, they can pilot and test small-scale incremental changes in service delivery while developing new skills in the communities in which they are based. Provided they are enterprising and properly regulated, social enterprises can identify new and more socially effective ways of delivering public services, providing an example to Government. They can be a new innovative front line of the public sector.

Ed Miliband, as the first third-sector minister in Government, championed the transformative potential of social enterprise and began putting in place the necessary infrastructure of support including the legislative foundation for Big Society Capital. Labour would have gone further with the 2012 Social Value Act – we tabled various amendments to try and stop Ministers from gutting it – but it was still an important step forward.

However, the Labour Party will be a more ambitious government for social enterprise. We want to see a comprehensive change in the social enterprise landscape. We want services to be less transactional, and focussed on individuals and delivered at the most local level possible. As Ed Miliband has said, ‘the challenges facing public services are just too complex to deliver in an old-fashioned, top down way without the active engagement of the patient, the pupil or the parent: from mental health, to autism, to care for the elderly, to giving kids the best start in the early years.’ He was right to say that ‘while the challenges are greater for public services than ever before, and make the issue of power all the more urgent, there are greater reasons for optimism too.’

At the next election, the Labour Party will be putting an alternative vision to the British people – one that will be a new kind of economy that works for communities and ordinary people. And I want social enterprise to be at the heart of that. Jon Cruddas has said that Labour ‘will not build the new economy with the old politics of command and control. Central government, big bureaucracies and corporations faced with complexity and

unpredictability are all losing the power they once had in order to shape the world. Our welfare state is ill-equipped to deal with modern social evils like loneliness and the loss of community.’

Demand for public services is rising. In Government, we will inherit a substantial deficit and have to govern with much less money around. We will need to show an iron discipline. We are therefore faced with a challenge to deliver more for less. Better use of existing social assets will help square that circle.

The Labour Party recognizes the power of Government procurement spending. At £86.8 billion per year, the public sector’s overall procurement spending power rivals its legislative power. We have already announced that we will require suppliers to offer apprenticeship opportunities on public contracts worth over £1 million. And we have said that those private companies who win contracts to deliver social services shall have to be more transparent. But across central and local government, contracts are often offered at a scale that squeezes out social enterprise and charity providers, meaning that only the established vested interests can afford to bid. In the short term, this may drive down costs for now, but in the long term the number of providers dwindles, value is extracted from communities and new burdens on the taxpayer are created elsewhere.

Excellent work is being done by the group Locality in identifying the ‘diseconomies of scale’. Government needs to be working as a whole towards delivering social good through public services, and not simply shifting

the burdens elsewhere, thereby increasing overall costs. By promoting a properly regulated social enterprise sector, the Labour Party is going back to its roots in collective action and protecting public service users from vested interests, complacency, profit seeking, service failure and exploitation. Successive Governments have sought to support social enterprise in public service delivery. Yet, public procurement remains a significant and growing concern.

In 2011, a survey carried out by Social Enterprise UK found 25 per cent of social enterprises who worked mainly with the public sector cited procurement policy as a principal barrier to their sustainability. In 2013, the figure rose to 34 per cent. As ACEVO have argued, many public service sectors are now dominated by private sector oligopolies, and these vested interests are often large multinational corporations which are well-versed in winning public sector contracts. They have become so large and complex that Government cannot afford for them to fail. Just last year, the UK Border Agency issued contracts worth £1.7 billion in eight contracts to just three companies, G4S, Serco and Clearel.

The fact is the public sector now gives the private sector twice as much in public service contracts as it receives back in corporation tax. Obviously, companies pay other taxes such as business rates and VAT. But still, the figure is somewhat startling. The private sector should and must be the engine of our economy, and it delivers great social good through the jobs it creates as well as the products and services it provides. There is now a vast, and

growing, market for public sector outsourcing. The current outsourced market for public services has an annual turnover of £82 billion. But smaller bidders – including social enterprises and charities – are being forced out of that market.

We want to make it easier for social enterprises to win government contracts. That is why a Labour government in 2015 will enable departments and local authorities to offer some contracts exclusively for social enterprises and organizations with a public service mission.

It is well established that money spent in local businesses is likely to provide a greater return to the area than that spent with national or multi-national concerns, with their suppliers, distribution and management co-ordinated remotely from a national headquarters and a substantial proportion of revenue hived off for profits and external costs.

We want to draw on the benefits and innovation of charities and social enterprises in public services. It is not about increasing the marketization of public services or promoting outsourcing. It is about enabling social enterprises and organizations with a public service mission to better compete for those services which are contracted out. It is not a license for social enterprises to take advantage of failures in public service management. It is not just their turn to ‘have a go’ at running public services. We do not want to replace one dogma for another.

The EU has already issued the necessary Directive which will form the legislative basis to enable this, but we have heard nothing from Ministers on when, how or

even if they intend to adopt it. In Labour, we know there is a place for the public and private sectors, as well as for charities and social enterprise in public service delivery. Charities and social enterprises will have to demonstrate how they can add value and display the kind of management skills and innovation that we expect the private sector to deliver. To facilitate this, the Labour Party will explore the establishment of a centre of excellence to support social enterprises as contractors.

We will also be working with social enterprises to define exactly what a social enterprise is. Because if we want these organizations to take over more service provision, we must ensure they are able, and we must ensure we know how to define one in the first place.

Public services exist to provide a social good. Whether it is public safety and defence, healthcare, education, transport or social security, public services have a social goal at their heart. Demand for these services is rising and will continue to rise over next Parliament. The next Labour Government will act to ensure that social enterprise is able to play more of a role in responding to these challenges.

CHAPTER TWELVE

SOCIAL INNOVATION ZONES

Gareth Thomas MP

One of the key challenges facing the next government will be how to encourage the provision of flexible local services which residents can help shape, at the same time as public funding continues to be under pressure. Further changes to the relationship between public, private and charitable, or third sector activities are inevitable, and Social Innovation Zones could foster the partnerships necessary to achieve better services and more opportunities across the UK, but particularly in Britain's poorest communities.

Indeed, Social Innovation Zones could help to achieve Ed Miliband's ambition of cultural change to our public services, and more power being put in the hands of patients, parents and service users.

The public sector has had to manage huge cuts in funding. Its commissioners remain under intense pressure to squeeze out every last drop of service provision by making contracts bigger, despite the inevitable difficulties this causes for smaller, more local third sector

organizations wanting to win contracts, secure funding and play a role in service delivery.

Charities, social enterprises and other third sector organizations have faced their own toxic mix of circumstances over the last four years. They continue to face increasing demand for their services, rising costs and an unprecedented fall in income from government and private sources. Action to stimulate funding for innovative local charities will be critical in helping to tackle the demand for services from some of Britain's most vulnerable and hard-pressed families.

We need to find new ways to support the third sector and use the existing resources that the Cabinet Office and Big Lottery Fund have access to, to champion innovative ways of working that lead to even stronger local public services. Hackney Community Transport is an excellent example of public and private sector support for a commercially successful social enterprise leading to new local services.

The failure of the 'Big Society'

In July 2010 as David Cameron was launching the Big Society Network to much fanfare, Ministers were promising that their 'Big Society' would see charities and social enterprises winning government contracts galore.

The reality has been rather different, with charities struggling to win significant high profile government contracts from the Work Programme, for example,

whilst private outsourcing businesses have continued to win more and larger contracts.

Meanwhile, other sources of funding such as government grant income have been drastically cut back. According to the National Council for Voluntary Organisations, charities will have seen a £3.3 billion cut in their funding by 2015, compared to 2010.²³

The Big Society Network meanwhile, continued until recently to secure large chunks of public funding from the Cabinet Office and the Big Lottery Fund despite failing to achieve any of its projects' major objectives.

The role of local authorities

By contrast, some local authorities have been at the forefront of efforts to tackle the impact of the recession in their areas, for example to tackle youth unemployment or working with local charities to minimize the loss of local advice services and other vital charitable activity. Social Innovation Zones could help to boost such initiatives.

Labour local authorities have sought to use new cross-party backed legislation on Social Value to ensure contracts for local authority services contained stronger requirements for the delivery of wider social benefits from the award of key tenders for work. Co-op run Lambeth for example has a Social Entrepreneur in Residence to help broker opportunities for procurement between

23 National Council for Voluntary Organisations, *Civil Society Almanac 2014*.

the council, local large businesses and charities and social enterprises.

Local authorities are often the crucial partner for charities through the funding they provide, the contracts they tender and the services they procure. Local authorities play other crucial roles too, helping with funding applications, contracts with other parts of the local public sector and offering on occasion a range of other advice and help. Yet the ability of local councils to offer this help has come under huge pressure in the last three years as they have lost 33 per cent of their funding in real terms. The result of the current spending review means they are facing a further 10 per cent cut. Needing to maintain basic council services means the ability of Councils to do as much to support charities as many would want is now under considerable strain and set to get even harder.

Social Enterprise in Alston, Cumbria

To help social enterprises and charities in local areas, Social Enterprise UK have encouraged clustering of social enterprises in Social Enterprise Towns and cities. Last year, Alston in Cumbria won Social Enterprise Town of the Year with around one social enterprise per 55 households. Alston's social enterprises and community owned businesses include retail outlets such as an artisan bakery and a wholefood shop, high speed broadband, transport, leisure and tourism services.

Crucially many of the social enterprises playing a critical local role do so supporting the priorities of public

sector bodies such as Cumbria County Council, Cumbria Police and the Highways Agency.

Social enterprises and charities in other towns are following Alston's example seeking to publicize and support each other in cities such as Bristol and London.

As in Alston, many charities and social enterprises who have won contracts from their local authorities or other parts of the local public sector invest any profit or surplus in additional services for their local area.

Hackney Community Transport

Hackney Community Transport (HCT) have won commercial bus contracts from Transport for London and Hackney Council. HCT reinvest back into further transport services or projects in the communities they serve, helping the most marginalized in their communities to get out and about to for example day centres and for a range of local community groups including under-5s groups, faith groups, sports clubs and disabled groups.

HCT also deliver training services for people who are long term unemployed and actively work to create employment opportunities for people in deprived communities in the areas they serve.

Social Innovation Zones

We will want to encourage more charities and social enterprises particularly in areas of poverty and deprivation, and to see them provide innovative additional services to

extend activities and opportunities, particularly for the most vulnerable.

Evidence from the University of Southampton has indicated that more affluent areas have a much higher prevalence of local voluntary organizations than more deprived areas.

Social Innovation Zones would see local authorities in partnership with local charities and, working with other parts of the public and private sectors, encouraged to bid for funding to support their local third sector in developing solutions to rising poverty and deprivation and for building the capacity of local charities to compete for and win council contracts. Any funding awarded would go to the third sector.

We need to continue to mainstream the practices of the best councils, usually but not exclusively Labour and Co-op led, in working with their third sector, and helping more charities to be able to compete with the private sector to offer services councils or other parts of the local public and private sector procure and contract for.

The Big Lottery Fund could be encouraged to invite bids led by local councils in partnership with their third sector partners. Local councils would commit, alongside other parts of the local public sector, to explore how to use their procurement and commissioning decisions to better support local charities and social enterprises.

Zones could create a virtuous circle of funding opportunities for charities and social enterprises to develop new innovative services at a time when traditional grant income is decreasing fast.

Lottery funding is one of the few rising sources of funding for charities. Concentrating some lottery monies on local authority areas where poverty and deprivation are key issues to fund innovative services would support Labour's ambitions to create more opportunities and services for the vulnerable.

Encouraging councils to consider how they can use their procurement and commissioning decisions to support local charities and social enterprises would in turn help to create longer term sources of finance for the third sector.

Successful bids for a Social Innovation Zone would need the strong backing not only of the local Council and other public sector players, but also of the charitable sector itself. A clear strategy to help the sector grow would be key to getting their support for the bid and the better services for local people that would result.

Zones would also help to encourage the different parts of government to get better at using social enterprises and local charities to provide services where appropriate (instead of parcelling up big contracts which only large corporate outsourcing firms could win).

Social Innovation Zones could be one way of using scarce resources to encourage both more imaginative local services, boost funding for charities, and encourage longer term access for charities to government contracts.

Gareth Thomas contributed this essay in a personal capacity.

For this agenda-setting collection, the leading civil society umbrella groups ACEVO and CAF worked with Lisa Nandy MP to showcase some of Labour's key thinkers about the party's future relationship with charities and social enterprises. The accompanying 'Blue Book' and 'Yellow Book' feature similar essays from the Conservative and Liberal Democrat Parties.

'This collection of essays shows the depth and vibrancy of thinking across the Labour movement on this important issue and makes a vital contribution to the debate in the run-up to the next election.'

Rt Hon Ed Miliband MP, Leader of the Labour Party

'I hope this collection will be a provocation to further dialogue with Labour and with all the major political parties. It demonstrates a willingness to listen ... that our sector should be grateful for.'

Sir Stephen Bubb, Chief Executive, ACEVO

'The contributions in this collection show that the Labour Party possesses exciting ideas and innovations designed to strengthen Britain's charities, and many of the concepts explored will be of interest to whichever party (or parties) are successful at the next election.'

Dr John Low CBE, Chief Executive, Charities Aid Foundation

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