STRONG AND STABLE FOR THE MANY, NOT THE FEW

The role of charities in the Brexit Parliament

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Introduction

The outcome of the general election reveals a country divided, with uncertainty about what the future holds. That no single party was able to win a majority of seats and form a government on their own leaves the UK’s political system in a fragile place. This sense is only exacerbated by the looming prospect of Brexit negotiations overseas, and the social challenges at home.

The election result did more than just leave a murky cloud over Westminster. Across the country, the divisions that we identified after the EU referendum last year remain. Rather than managing to heal divides and mend communities, this election campaign saw a notable absence of the principle that there is more that unites us than divides us.

The new Government’s position is clouded by uncertainty. The difficulties that the Government is likely to have in passing legislation mean that this Parliament will be very much the Brexit Parliament. There will be two years until the next Queen’s Speech. If charities and their agenda for a stronger society are not given due prominence in this Queen’s Speech, there is a danger that addressing some of the important social challenges identified by all parties across the election campaign will be kicked into the long grass.

Much of the focus inside Westminster will be on leadership plots, Parliamentary arithmetic and the political drama that plays out on a daily basis. That intrigue must not distract us from the reality that people across the country are in need of a government that reflects their needs.

The election campaign was notable for a reduced profile for charities. No party put forward a comprehensive vision for the future of the sector and, more than just silencing charities, the damaging effect of the Lobbying Act meant that it was the voice of their beneficiaries – often the most vulnerable people in society – that was silenced.

Governments, politicians and political parties come and go, but charities are a constant, the glue that holds communities and society together. More so than ever, charities must be given due prominence and status. Government needs charities to help bring the country together and provide the support that ordinary people need. Charities are ready to answer that call.

This paper – published before the delivery of the Queen’s Speech – sets out a number of ideas about the role that charities can fulfil. We see a role for charities in harnessing concepts of place and identity, turning that into socially minded action to rebuild communities. We call for government to use the unique expertise and experience of charities to tackle the social injustices that continue to manifest themselves.

We demand a charity sector freed from constraints which has the ability to advocate for those who most need a voice. We argue for concerted action to bolster civic engagement and participation. We set out the need to develop an inclusive, modern economy that leaves no-one behind. And we explain how charities can help secure the UK’s place in the world.

Taken together, these ideas would put charities at the heart of society, addressing the challenges that recent elections have revealed and building a stronger country for the future. No single sector has a monopoly on wisdom, and charities must be involved in the big conversations about the future of our country. Our call for strong relationships between charities and government, and political parties for the good of the country has never been more necessary; we reiterate that call now.
The Political Landscape

The election result
The general election produced a result that means great uncertainty for the country. The Conservative Party, under the leadership of Theresa May, remains the largest party in Parliament, despite losing their overall majority. The Prime Minister has formed a government on the basis of a 'confidence and supply' agreement with the Democratic Unionist Party.

Labour’s election result was better than expected, and saw the party gain thirty seats, whilst still a distance behind the Conservatives in the race to be the largest party. As a result, Labour leader Jeremy Corbyn has stated that he plans to put forward a programme of amendments to the Queen’s Speech. Elsewhere, the Liberal Democrats gained a small number of seats, whilst in Scotland the Scottish National Party lost seats to the Conservatives, Labour and the Liberal Democrats, whilst comfortably remaining Scotland’s largest party in Westminster.

The social landscape
More than just the allocation of seats and distribution of votes, general elections tell us a lot about the social landscape of the country. This election result – that fails to deliver a clear overall victor capable of forming a majority government – is symbolic of the broader divisions across communities. We see divisions between city and rural, old and young, and left and right. There is much to be done to bring people back together.

There are positives too. Turnout at the election was up, engagement in politics and issues is high. The election campaign saw increased turnout amongst young people, and many people voting for the first time. This phenomenon of turning non-voters into voters builds upon a trend that began at the EU referendum campaign.

The new Government’s priorities
The Parliamentary arithmetic means that the Conservative Party’s Queen’s Speech can be expected to ditch some of the more controversial policies put forward in their manifesto, including plans to reform social care and introduce a new swathe of grammar schools. Instead, it is likely that the Prime Minister will commit to tinkering around the edges and seeking a broad enough consensus to pass budgetary and confidence motions, with the knowledge that the boldest changes are unlikely to pass through a divided House of Commons. The House of Lords, reinvigorated by the prospect of playing a highly influential role, will also be keeping a watchful eye over the Government.

The Government has announced that this Parliament will last for two years, with the next Queen’s Speech scheduled to take place in 2019. This Parliament looks likely to be dominated by the Brexit negotiations internationally, and their implications domestically; it is set to become the Brexit Parliament.

Negotiations with the EU have now begun. The DUP’s role in supporting the Government means that the Prime Minister’s rhetoric around ‘no deal’ is diminished; concerns around a hard border between Northern Ireland and the Republic of Ireland significantly increase the likelihood of some kind of deal. Talk around whether the election means a softening or hardening of the UK’s Brexit stance continues; all is set to be revealed soon enough.
**Place and Identity**

This election did not deliver the kind of uniform swing across the country that has been seen at elections in the past. Instead, different parts of the country produced dramatically different outcomes based on a number of factors, with particularly notable results including the Conservative’s success in winning long-held Labour seats in working class areas such as Mansfield; Labour taking seats in areas previously held by the Conservatives, but with large numbers of students and young voters, including Canterbury; and the Liberal Democrats losing some previously safe seats but making headway in metropolitan areas where voters remain against Brexit.

Of course, the Brexit referendum itself also revealed much about the country, with many voters in favour of the UK leaving the EU driven by the sense that political and economic development had left them behind. These social undercurrents had failed to be adequately picked up on by politicians or even pollsters, with a discrepancy between the expected outcome amongst those ‘in the know’ at both the referendum and general election, and the result once votes were actually counted.

What has become clear is that action needs to be taken to unite people, to strengthen communities, and to make sure that everyone feels that they have a stake in society. Charities are core to delivering this, using their unique expertise and influence to heal divisions and strengthen society. National trends remain important, but much of this essential work has to be done on the ground at grassroots level – the kind of level where charities are already operating. The devolution agenda of recent years offers many new and exciting avenues for charities to contribute in this way.

Directly elected mayors are quickly becoming the figurehead for communities, as was sadly demonstrated in the general election campaign where the mayors of Manchester and London led the way in responding to terrorist attacks. These new positions can help to build upon strong senses of identity based upon where people live and in that regard could be core to unleashing a new era of great British cities. Mayors also have an essential role in bringing people together – but doing so successfully relies on working with charities, who are uniquely placed within communities to support that endeavour.

Building stronger communities and developing cohesion can help to heal divisions, bring people back from the margins of society and create a positive environment that boosts local economies. Too many people still feel that they do not have a stake in political debate or modern life – this needs to change. Charities operating on the ground reach people who have opted out of political processes, often because they feel neglected or taken for granted. Charities can be the eyes and ears on the ground looking and listening for signs of division, and being the voice for those who otherwise would be left watching from the side-lines.

Charities have different structures, methods and outlooks, but share the same aim as government and political parties in seeking to develop stronger, unified communities. Government – local and central – must make the most of charities’ contribution, both in identifying threats to community cohesion and providing solutions to bring people back together.

**Recommendation** – local and central government should commission charities to help monitor community cohesion and take action to bring communities together.
In our towns and cities, the renewed sense of identity on the basis of place offers the potential to be transformed into the reinvigoration of place-based philanthropy. Philanthropy played a hugely important role in the historic development of our towns and cities, and there is scope to reinvent that in a modern context through the concept of place-based philanthropy. The devolution of power to cities offers an opportunity to empower local charities and voluntary organisations, building on their experience and expertise to deliver solutions that work for local people, and to harness the motivation of donors who want to use their giving to support and strengthen the places in which they live.

The key political drivers for any reinvigoration of place-based giving are likely to be directly elected local politicians. Not only do these mayors have strong personal mandates, but they also have the potential to be figures that can shape a city around the values that they represent, and offer a highly visible face of local politics. Their scope also means an opportunity to engage across the board with businesses, charities and other organisations. Directly elected mayors should seek to intertwine the generosity of local citizens with the transformative potential of modern philanthropy to strengthen their local areas.

Recommendation: directly elected mayors should work to unleash a new era of place-based philanthropy.

The new Government’s attitude to increased devolution is not yet known, but it is likely that we will see further devolution deals announced in the coming years, particularly if those already in place are deemed to have been successful. So far, charities have played a limited role in helping to shape devolution agreements and their scope. There is a clear precedent for involving community groups in the extension of devolution policies, with businesses, social enterprises and other groups often cited. Given the broad swaths of people that charities can be said to represent, it would be remiss of government not to include charities in these talks as well.

Recommendation: charities should be given a role in shaping devolution deals.
Inequality and Injustices

Whisper it quietly, but the election campaign saw a great deal of cross-party consensus on the challenges that the country faces. From the growing mental health crisis to loneliness amongst older people, and discrimination and homelessness, many parties identified similar themes that need to be addressed to strengthen society. Where they differed is on the best approach needed to achieve success. Many of these challenges are long-standing and have proved problematic for governments of all political colours.

Indeed, one of the most powerful moments in changing the political debate and cutting through to the public was the Prime Minister’s announcement of the Conservative Party’s new plans for social care, and the subsequent unravelling and redrafting of it. The backlash to this was driven because the focus of the policy—getting rid of the cap on social care costs—was seen to contradict the values of fairness, family and community.

The debate around social care also highlighted the danger of developing policy in a vacuum, without listening to the affected parties or those who advocate on their behalf. It is to the Prime Minister’s credit that, after deciding to change policy during the election campaign, she announced that she would be consulting with charities, amongst other groups, on developing a new policy after the election.

Such a consultative approach to policymaking would serve government and political parties well, whether it is charities, businesses or individuals. Developing policy with the input of those confronting the big social challenges on a daily basis can generate better outcomes, and mean that policies stand the test of time in the face of changes in government.

The social injustices identified across the political spectrum cannot be tackled without open dialogue, innovative ideas and collaborative effort. The new Government has the opportunity to remodel its policymaking process, open up doors to charities and work in tandem with them to deliver results for the most vulnerable people across society.

Recommendation: the Government should consult and partner with charities on tackling social injustices and give charities a clear voice in policymaking.

As well as the social challenges on the horizon, there are clear discrepancies between different parts of the country, including disparity in health and economic outlook. Tackling inequality means better understanding of where it exists, and directing resources to the right place so that they can make a real difference. This is important too for charitable provision, and anecdotal evidence suggests that the areas with the greatest levels of need are not always those with the highest levels of charitable support.

It is right that charitable giving remains free from government involvement, but there must be an understanding that voluntary choices of individuals may not be consistent at a macro level. There may be a role for government in smoothing out any inequality by incentivising giving in areas of the greatest need, or taking action to try and redress discrepancies. However, to fully understand the relationship between charitable provision and need there must be a proper assessment of the current balance, and how it could be improved.

Recommendation: government, charities, donors and beneficiaries should work together to map charitable activity against need.
An Active Civil Society

General election campaigns bring home just how much similarity there is between charities and political parties. Both put forward ideas for improving the country. Both rely on donations and. Both harness support for a cause. Both seek to generate support from the wider public.

Recent elections have seen increased turnout, with 'non-voters' – often overlooked by political parties because data suggests that they are unlikely to vote – choosing to reengage in the democratic process. In addition, young voters, on whom there was a particular focus on at this election, but whose presence has also helped to shape campaigns such as the referendum on Scottish independence, have headed to polling stations in greater numbers.

Historically, elections have been seen as the best vehicle for people to pursue change. That is no longer the case. Many people are politically and civically active between elections, and this activity often takes a form outside of the traditional political process. Instead, people are using their own resources to improve their communities, be it by donating or volunteering for a charity, supporting socially minded businesses or social enterprises, or donating to campaigning charities working to improve the lives of their beneficiaries.

An active civil society for the modern age depends on giving people a sense of agency and power over their own destiny – people want to take back control. Greater civic participation has benefits across society, and politicians must do more to give people an understanding of how they can use emerging forms of civic engagement and participation to generate change. This is especially important for two audiences. For young people, promoting the idea of a mutual benefit – that someone who gives their time gets something back – could help to unleash a new generation of volunteers. For older audiences, retirees faced with the prospect of loneliness and isolation could use volunteering as a pathway to better health, a sense of community and renewed purpose in life.

An active civil society depends on people having the desire and enthusiasm to get involved. But there is still a role for government. An enabling government could help to lead a transformative approach to civic participation across the UK, giving people the means and confidence to use their resources for good.

Recommendation: government should put in place programmes and structures to get more people volunteering across different stages of their life.

People also need to be encouraged to build on the UK’s proud culture of giving. Despite being consistently ranked as a world leader for donations, more can be done to incentivise and inform people about supporting good causes. This includes making giving fit for the digital age. One area that government can lead by example is payroll giving, which is now in its thirtieth year of operation across the UK. Despite positive attitudes towards payroll giving, there is a sense that it has stagnated to some extent, which may be partly because it is seen as bureaucratic; necessarily so to a point, in order that it works effectively and efficiently. Government and MPs should lead by example and try to reinvigorate payroll giving.

Recommendation: each government department should promote payroll giving to its employees
Recommendation: MPs should use their payroll giving via IPSA to support local charities.
Advocacy and Voice

Charities have a proud tradition of campaigning in the UK, which has helped deliver social progress on areas such as the abolition of slavery, the extension of the franchise to women, and decriminalisation of homosexuality. This continues today, and that a cross-party consensus on tackling mental health has emerged is in no small part down to the work of charities bringing the issue to the fore.

Charity advocacy is so important because many of the beneficiaries that charities advocate for are vulnerable, and otherwise have no voice in the political process. This is especially important between elections, where charities can act as a lens that gives politicians a clearer view of the reality of life on the ground, including those who feel that they have been overlooked or exploited. Charities can speak up for minorities who may otherwise find themselves ignored or voiceless in the face of damaging policies; however this depends on charities being able to speak freely.

Whilst charities are not allowed – rightly – to be party political, that does not mean that they should not engage in political activity. Charity advocacy gives people a vehicle to fight injustice and inequality; it can lead to better policymaking, and helps bring fringe political issues into the mainstream.

In recent years, policymakers have introduced or proposed policies that would make it more difficult for charities to speak up on behalf of their beneficiaries. Most notably, the Lobbying Act has helped to create a chilling effect, which led many charities to self-censor and refrain from engaging in legitimate activity during the recent election campaign.

Recent months have seen politicians of all colours taking a more positive public stance towards charity advocacy, but there is a disconnect between this shift in rhetoric and the climate that has been created by legislation and guidance. Lord Hodgson’s proposals to mitigate the negative impact that the Lobbying Act is having are welcomed (and CAF has joined other leading charities in calling for their introduction) but do not go far enough. We reiterate our call for the Lobbying Act to be repealed, or for charities to be exempted from it. It should also monitor the effect of the New Grants Clause governing public service contracts in the Department for Communities and Local Government, to determine whether that is having an adverse effect on charity advocacy.

Recommendation: The Government should repeal or exempt charities from the Lobbying Act. Failing that, it should at the very least implement the findings of Lord Hodgson’s review in full.

Many of the injustices that the Prime Minister identified as priorities are ones where there is a vital role for charities in giving a voice to their beneficiaries. Indeed, their important role in developing policy has been recognised across the board. However, that depends on charities being given the freedom to put forward ideas, challenge policies and give a voice to their beneficiaries. Making alterations to the existing legislation and guidance would be a starting point; repealing them would be even more effective. However, to fully allay the concerns of charities and to send a message to the rest of the world, in which many countries are actively restricting the freedom of charities to advocate, the Government should use the forthcoming deluge of legislation in the Brexit process to make a clear and visible acknowledgment of the freedom of charities to advocate in statutory law.

Recommendation: the Government should enshrine the principle of charity advocacy in statutory law.
An Inclusive Economy

The EU referendum campaign, perhaps more so than the recent general election, revealed that some divisions are rooted in economic disparity. That only London, Scotland and Northern Ireland voted for the UK to remain in the EU is indicative of a country where a number of people believe that economic growth has only benefitted those in and around the capital and certain geographical areas, with others left behind.

Developing a stronger, more inclusive economy will help to bring people back together. The social economy has developed greatly in recent years, as both entrepreneurs and consumers focus on social good. Indeed, almost half of all social enterprises are less than five years old, which is testament to the way that the model of a social enterprise has become widespread and successful.

There is also increased usage of social investment, some of which has been driven by government policies to incentivise its use. Investors are now able to use their assets to generate a financial return, whilst investing in organisations that are committed to making a social impact. This is particularly empowering for a generation of investors and donors who are increasingly informed, and thus have a greater knowledge about how to most effectively use their resources for good. The Government should work with the sector to build and develop social enterprise and social investment further.

Recommendation: the Government should engage with charities to develop new models and continue to grow the social economy.

Many people now choose to support good causes not just through donations and investment, but also through their consumption of products, with younger audiences in particular seeking to buy from — and work for — organisations with a commitment to social good. As a result, companies of all sizes are developing corporate social responsibility programmes with elements of corporate giving and volunteering that allow them to give something back to the communities in which they operate. However, although this generation is increasingly concerned about the social good of businesses, at present it is difficult to find information about the charitable donations that leading companies in the UK make. By amending the Companies Act 2006 that covers the reporting of corporate donations, the Government could improve the information available to consumers whilst also generating behavioural change amongst businesses.

Recommendation: the Government should amend the Companies Act 2006 to improve transparency around corporate giving

Despite the myriad of ways that charity flourishes in the UK, it is important that complacency does not set in, and that innovation and development extends to charities. This is particularly true of digital innovation, where there is a sense that at times charities have struggled to keep pace with emerging trends. There are a number of areas that could offer significant potential for charities, such as blockchain technology and artificial intelligence (AI). CAF has explored how these types of technology could be used to promote charitable giving, by making it more efficient, transparent and effective. A number of charities and startups are already piloting innovative new approaches based on cutting-edge technologies, but government could take an active role in helping to upskill charities and facilitate connections between the UK’s world-leading fintech and AI industries and the charity sector to explore this potential even further.

Recommendation: the Government should provide support to upskill charities so that they are able to keep pace with digital developments and their charitable potential.
The UK’s Place in the World

The UK has now begun negotiations with the European Union over Brexit. The outcome will set the course of the UK for the coming years, a period that will see our international relationships change. The UK will seek to maintain positive relationships with European partners, whilst developing new ties. Such a transformational period cannot happen without the input of charities. The Department for Culture, Media and Sport – the department which oversees charities – has led the way by opening its doors and working closely with charities throughout the Brexit process so far. Other departments should follow their lead.

Recommendation: every government department should utilise the expertise of charities by consulting with them to ensure that the Brexit deal does not negatively affect their beneficiaries.

The implications of Brexit are likely to include a renewed focus on soft power, something that the Foreign Secretary, amongst others, believes could help the UK to shape the international agenda. The use of soft power can help to encourage the adoption of the liberal, democratic values that we hold dear by other countries. Soft power is manifested in a number of different ways; not least through civil society, with many countries across the world basing their own civil society model on ours.

British charities operating across the world develop significant goodwill from the contribution that they make, and are typically trusted organisations. The positive relationships that they develop often generate warmth to the UK as a whole, and help to entrench the UK’s position as an engaged international partner. The Government should put charities at the heart of their soft power strategy, ensuring that charities use their unique reach and influence to help promote the values that we hold dear around the globe.

Recommendation: The Government should put charities at the heart of their soft power strategy.

The UK’s international development programme does a great deal to enhance our global reputation. It is telling that nearly every major political party committed to retaining or increasing the target of spending 0.7% of GNI on international aid at this election. However, the countries that the UK delivers aid to will change, and as we increasingly transition out aid relationships with developing countries there is an opportunity to secure a lasting legacy from our aid programme. These countries will see growing middle classes, and encouraging charitable giving at a level similar to that we see in the UK could unlock billions of pounds each year to be used to tackle social challenges.

Many countries lack the structures and expertise that underpins civil society in countries such as the UK. Putting in place the necessary groundwork could inspire a revolution in global giving, empowering citizens across the globe to use their resources for good. Many countries have based their civil society on our own, and we are well placed to work with other countries to allow them to facilitate a thriving civil society.

Where the UK is transitioning out of aid relationships, there is a risk that a failure to develop civil society structures could see progress delivered under the UK’s aid programme undone. The Government should work collaboratively with other governments to build civil society infrastructure and capacity. This would empower donors across the world, leave a lasting legacy of the UK’s aid programme, and also help the UK to strengthen international relationships with recipient countries.

Recommendation: The Government should use transitioning aid relationships to partner with national governments to grow civil society across the world and leave a legacy of the UK’s aid programme.
About CAF and Further Information

The Charities Aid Foundation (CAF) is a registered charity that promotes charitable giving and provides financial services and social finance to not-for-profit organisations. Our mission is to motivate society to give ever more effectively, helping to transform lives and communities across the world. We help individual donors to give more effectively, we support charities to allow them to thrive, we advise businesses to allow them to achieve greater impact, and we work internationally with offices in nine countries, harnessing local knowledge and expertise to help civil society thrive across the world.

CAF works with government to improve the different ways that people are able to support charities, making it easier for people to give to the causes they care about. We advocate on behalf of charities, reflecting their needs and concerns to decision makers and opinion formers in order to create a positive climate for charities to operate in. We engage with politicians across different levels of government to ensure that there is a supportive network of legislators putting charitable issues on the political agenda, and we also run high-profile campaigns designed to generate positive change and secure the future of giving.

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