

# **NCIA Inquiry into the future of voluntary services**

## **Working Paper 1**

### **The position and role of national infrastructure bodies concerning the cuts to and privatisation of public services**

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**(Updated August 2014 by  
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#### **Foreword**

This paper has been produced as part of the NCIA Inquiry into the Future of Voluntary Services. The Inquiry is specifically concerned with those voluntary organisations that deliver services in local communities, especially those that accept state money for these activities. These are the groups that have been particularly affected by successive New Labour and Coalition Government policies regarding the relationship between the voluntary and statutory sectors, and attitudes and intentions towards the future of public services. In this and other papers we refer to these as Voluntary Services Groups or VSGs.

It has long been NCIA's contention that the co-optive nature of these relationships has been damaging to the principles and practise of independent voluntary action. The nature and scale of the Coalition Government's political project – ideologically driven - to degrade rights, entitlements and social protections, and to privatise public services that cannot be abolished is now laid bare. This has created new imperatives for VSGs to remind themselves of their commitment to social justice and to position themselves so that they can once again be seen as champions of positive social, economic and environmental development.

Our Inquiry is a wide ranging attempt to document the failure of VSGs, and the so-called 'leadership' organisations that purport to represent them, to resist these shackles on their freedom of thought and action. But it is also an attempt to seek out the green shoots of a renaissance that will allow voluntary agencies to assert their independence and reconnect with the struggle for equality, social justice, enfranchisement and sustainability.

This paper is one of a number that has been produced through the Inquiry and is concerned with the activities and role played by the major national 'infrastructure' organisations which purport to represent the voluntary and community sector, with particular reference to their views and activities regarding cuts to public services and the privatisation of these services to private companies and voluntary agencies. The paper was prepared in April 2014 for NCIA by Lis Pritchard to whom we offer grateful thanks. Since there have been some changes since this date, the paper has been updated to take account of these.

For more information on the NCIA Inquiry please visit our website – [www.independentaction.net](http://www.independentaction.net).

NCIA  
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# 1. Introduction

The central focus of this paper is on what the Voluntary and Community Sector (VCS) leadership bodies in England have been saying and doing about the involvement of Voluntary Sector Groups (VSG) in the privatisation of public services, and about spending cuts to these services. It examines what explicit and implicit conclusions can be drawn from this about their positions on the future role of VSGs and public services more generally.

Since the election of the New Labour government in 1997, there has been a continuing push to privatise the delivery of what have traditionally been public services. We have seen this across the health, social care and criminal justice sector. The momentum increased when the coalition government was elected in 2010. In spite of, arguably increasing, evidence to the contrary there appears to be a cross party belief that services are best provided in a market environment where competition is key. At the same time, since 2010 we have seen a clear commitment to cutting both the scope and the costs of public services however delivered.

This paper considers the position of four key national umbrella or membership bodies: NCVO, NAVCA, Locality, and ACEVO. It also considers two sector specific bodies: Clinks in the criminal justice sector and Homeless Link in the homelessness sector. Some reference will be made to other key players such as The Directory of Social Change (DSC) which has a slightly different profile and role, Children England, which is moving in a more oppositional direction, and to Voice4Change England which purports to represent the BME sector.<sup>1</sup>

Most of the material used in this paper has been drawn from the organisations' websites, press releases, policy statements and other published documents. In the case of Clinks, NAVCA and Homeless Link this was followed up by telephone interviews with senior staff. The Directory of Social Change and Children England also took part in telephone interviews. NCVO declined to take part in a telephone interview. ACEVO did not respond to a request for an interview and Locality was unable to offer any suitable date.

Membership bodies such as NCVO and NAVCA have always had to try and maintain their independence while at the same time engaging with the government of the day to further the interests of its members and their beneficiaries. They have also had to respond to the varying and often opposing wishes and views of their member organisations. For any membership body there is a difficult balance to maintain between representing its members and taking a lead on key social policy matters that impact on the final beneficiaries of local voluntary and community sector services. It can only do this if it maintains credibility with its members. Such organisations can also only influence government if they are able to maintain a working relationship and a degree of trust with ministers and senior officials. Inevitably therefore much work is done behind the scenes and generally umbrella bodies (with some exceptions which are discussed later) do not seek publicity and do not seek to gain general public support for their work or campaigns.

While the voluntary sector has traditionally been seen as having a campaigning and advocacy role, it has also filled gaps in service provision (for example in homelessness where there was historically little or no statutory provision for most single homeless people). In some areas it has developed new services which have later been adopted by the statutory sector. However it is also the case that the private and voluntary sectors have also provided services in some areas which may be seen as traditionally the responsibility of local statutory bodies. In addition to

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<sup>1</sup> See Appendix for details of each organisation mentioned in this report

innovative provision in childcare by well established children's charities for example, private providers have always run children's homes for looked after children and private nurseries and childminders have for a long time provided much of the care for pre-school children.

At the same time there is a widespread recognition that some of the services provided in the statutory sector have been poor. Child care and the criminal justice sector as well as the health service have provided and continue to provide many examples of this. The recent scandals of poor care and abuse of elderly and vulnerable people have occurred in both private and public sector provision. There have been problems in the management of prisons run by both the public and private sector. In addition there have been glaring gaps in provision. The lack of any statutory support or supervision for short sentence prisoners for example, which the 'Transforming Rehabilitation' programme plans to address (though without any additional funding) has always been a major failing in the criminal justice system.

It is against this background that one must consider the response of the national infrastructure bodies first to the massive cuts in public services particularly since 2010 and secondly to the so-called 'reforms' which depend on the contracting out of public services to the private sector with the active (whether willing or unwilling) involvement of some parts of the voluntary sector.

## **2. Infrastructure bodies' position on cuts to public services and other relevant government policy issues**

NCVO has expressed general concern about the impact that the cuts to public services since 2010 have on their members and their beneficiaries<sup>2</sup>. However, there is more emphasis on the cuts to funding for voluntary and community groups and less on the direct impact of the cuts on individuals and communities living in poverty. For example, in July 2014 NCVO issued a call for evidence as part of a review of voluntary sector financing (being conducted with the Charity Finance Group, Institute of Fundraising, NAVCA and the Small Charities Coalition) intended to:

*"...inform the work of the review... and highlight potential case studies to demonstrate approaches that voluntary organisations have taken to cope with the tough financial climate"*<sup>3</sup>.

Where there is mention of the impact of cuts to beneficiaries, this is not presented as a challenge to government policy:

*"While recognising the Government's economic priorities, NCVO is concerned about the impact of funding cuts on disadvantaged people and the voluntary organisations that serve them."*<sup>4</sup>

Recently however, NCVO has joined other charities to criticise the welfare benefit cap. It has also begun a year-long research project into the impact of the welfare changes and has issued a call for evidence with respect to this<sup>5</sup>.

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<sup>2</sup> <http://www.ncvo.org.uk/policy-and-research/funding>

<sup>3</sup> <http://www.ncvo.org.uk/about-us/media-centre/press-releases/702-call-for-evidence-launched-on-financial-sustainability-of-voluntary-sector>

<sup>4</sup> <http://www.ncvo.org.uk/policy-and-research/public-services/what-we-believe>

<sup>5</sup> <http://www.ncvo.org.uk/about-us/media-centre/press-releases/567-welfare-cap-will-drive-short-term-decision-making-and-arbitrary-benefit-cuts-say-charities>

NAVCA has stated that they do not believe that it is their role to comment directly on the impact of specific cuts or policies (such as the bedroom tax, caps on benefits etc) but rather they support their members who specialise in these areas to get their views across and they also lobby behind the scenes. NAVCA has however taken a critical stance on the planned cuts to the judicial review process<sup>6</sup>. They also criticised the welfare cap in their response to the Autumn Statement in 2013. NAVCA also issued a statement in April 2014 stating opposition to exploitative zero-hours contracts.<sup>7</sup> Interestingly, there was also some internal discussion between NAVCA and members in March 2014 on the issue of vocal opposition to the cuts in which the Chief Executive was at pains to reassure members that NAVCA “...has consistently been raising concerns about the damaging impact of cuts as an issue” but “the emails on this topic are a reflection that there is now an appetite for NAVCA to take a stronger line”. Some actions were proposed but it is not known the extent to which these were followed through.<sup>8</sup>

In ACEVO’s public letter<sup>9</sup> to the Chancellor in advance of the 2014 Budget Statement, the tone is upbeat. Apart from a passing reference to the need for social justice, the request is for support for a Youth Employment Partnership (with outcomes based funding) and for investment funding for local infrastructure and the ‘voluntary and social enterprise sector’. There is no mention of food banks and no request for a review of the government policies that are creating or perpetuating poverty, hunger and havoc in so many local communities. ACEVO continues to argue for the voluntary sector, now incorporating (in their view) the social enterprise rather than the community sector, to be seen as the answer to: ‘many of the challenges our public services and finances face’.<sup>10</sup> There is an uncritical acceptance of government cuts, and simply a wish to bid for work or funding for itself and its members.

Locality have criticised in general terms the impact of the cuts on the poorest, although there appear to be no policy or position statements publically available. Locality has worked on cuts and austerity issues, for example, a joint project with the Joseph Rowntree Foundation to assess the impact of cuts on local communities.<sup>11</sup>

Clinks does not appear to have a policy position on the issue of cuts to living standards or public services. It does show interest and concern in relation to cuts to funding for voluntary agencies and regularly publishes the results of a ‘State of the Sector’ survey which highlights issues such as the failure to achieve full cost recovery in public services contracts.<sup>12</sup>

Homeless Link has supported member campaigns on the impact of the cuts and produced in September 2013 a detailed report on the negative impact of the benefit sanctions on homeless people<sup>13</sup>. Homeless Links’ website promotes a ‘Fair Welfare Campaign’, which “... works for an effective welfare safety net that supports individuals to escape homelessness.”<sup>14</sup> A number of actions are listed but the overall thrust of this initiative is not clear. Their CEO also spoke out publically in the Guardian on 12 February 2014 against the planned cuts to the Supporting People budget.

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<sup>6</sup> <http://www.navca.org.uk/news/view-article/navca-response-to-judicial-review-consultation>

<sup>7</sup> <http://www.navca.org.uk/news/view-article/zero-support-for-exploitative-zero-hours-from-navca>

<sup>8</sup> Taken from a leaked intranet memo dated 4/3/14

<sup>9</sup> <http://www.acevo.org.uk/acevo-budget-letter-2014>

<sup>10</sup> <http://www.theguardian.com/voluntary-sector-network/2013/dec/05/autumn-statement-voluntary-sector-reactions>

<sup>11</sup> <http://locality.org.uk/our-work/policy/impact-austerity/>

<sup>12</sup> <http://www.clinks.org/eco-downturn>

<sup>13</sup> <http://homeless.org.uk/sanctions#.UvuKgvvHxwZ>

<sup>14</sup> <http://www.homeless.org.uk/our-work/campaigns/policy-and-lobbying-priorities/fair-welfare-campaign>

There is thus no concerted campaign and little leadership from the national umbrella bodies on the overall impact of government policies on poor and vulnerable people. Whilst it is possible to retrieve from websites and public announcements words of concern, these are not accompanied by practical actions or campaigns; there may be commentary but no organising amongst their membership; there are no demands to counter cuts and austerity; and there are no evident alliances formed for action, explicitly to stop such cuts. The Contrast this with the line taken by the churches in their open letter: End Hunger Fast (February 2014)<sup>15</sup> where there is explicit criticism of the benefits system and a clear call for action.

The only area in which the national infrastructure bodies have taken a strong public line has been the Lobbying Act. The campaign against bans on campaigning during the run up to a general election brought together a very wide range of organisations. While concessions were made during the Bill's process through parliament, the main thrust of the Act remains and thus funding on campaigning and the right for charities to speak out will be severely limited. It is ironic that organisations such as NCVO and ACEVO invested so heavily in lobbying on this issue while they have shown themselves reluctant to use their existing freedoms to campaign about the actual issues and policies that are so damaging our society.

Stephen Bubb, CEO of ACEVO has made many pronouncements on the issue of campaigning and the Lobbying Act, most recently saying "*On campaigning, charities have a strong duty to speak out in public, which is an integral and age-old part of what we do to get the very best for our beneficiaries*"<sup>16</sup>. Why then has ACEVO not been lobbying on any of the crucial social justice issues of our day? Either Bubb's self-censorship has been so effective he is not even aware of it, or he shares the government line on social and public policies and feels there is nothing substantive to campaign on.

Alongside the passing of the Lobbying Act into Law, attacks on the campaigning activities of charities have continued, including a high-profile assault by Tory MPs on Oxfam in June 2014 for a tweet associated with their campaign against poverty in the UK. NAVCA issued a statement defending Oxfam's position saying "*...Oxfam must not succumb to an attempt to bully charities into silence.*"<sup>17</sup>. Stephen Bubb also defended Oxfam's position in his colourful blog.<sup>18</sup>

Another useful litmus test of the willingness of these organisations to criticise government policy came with the Keep Volunteering Voluntary Campaign, launched at the end of April 2014 to coincide with the start of the DWP 'Help to Work' programme. This 'workfare' programme introduced 6 months compulsory unpaid work for long term unemployed people via placements in charities, voluntary groups and public bodies, backed up by sanctions involving the withdrawal of benefits. The KVV programme (with which NCIA is associated) asks voluntary groups to sign a simple pledge that it will not participate in workfare programmes. The response of the leadership bodies mentioned in this report to the programme and the campaign was as follows:

- NCVO – has not signed to the campaign. A statement was issued saying the charities should "*consider carefully whether to be involved*"; this built on a statement in December 2013 which warned charities of possible reputational damage from participation in schemes based on

<sup>15</sup> <http://endhungerfast.co.uk/open-letter-bishops/>

<sup>16</sup> <https://www.acevo.org.uk/news/sir-stephen-bubb-says-charity-commission-annual-return-proposals-campaigning-are-corrosive>

<sup>17</sup> <http://www.navca.org.uk/news/view-article/navca-responds-to-mps-attack-on-oxfam>

<sup>18</sup> <http://bloggerbubb.blogspot.co.uk/2014/06/rock-on-oxfam.html>

sanctions.<sup>1920</sup> On the launch of the Help to Work Programme, NCVO issued a statement repeating earlier points;

- ACEVO – has not signed to the campaign and I can find no trace of any comment on the issue
- Homeless Link – refused point blank - and aggressively - to engage with the issue saying that it did not know if its members would support the Help to Work programme and it was not prepared to find out; nor was it prepared to take its own position on the issue;
- Clinks – has not signed to the campaign, nor responded to invitations to do so. No known statement on the Help to Work Programme;
- Voice for Change England – has not signed to the campaign. No known statement on the Help to Work Programme;
- Locality – signed to the campaign but has not, as far as is known, publicised it to its membership nor is there any known statement on the Help to Work Programme;
- NAVCA – signed immediately to the campaign, was willing to be quoted in a press release and promoted the campaign to its CVS membership;
- Directory of Social Change – signed to the campaign and has offered to publicise it;
- Children England – signed immediately to the campaign, and blogged it on their website.

### **3. Position on privatisation of public services**

None of the national umbrella bodies have explicitly or publicly criticised the privatisation agenda though most have expressed concerns about some of the effects, such as commissioning processes or the Payment by Results system which either make it difficult for the voluntary sector to participate or which would lead to cherry picking (the ‘creaming and parking’ that was seen in the Work Programme) and thus a reduction of services for the most vulnerable.

Some organisations, notably ACEVO and Locality, have adopted the privatisation agenda with some enthusiasm. Locality has taken perhaps the most explicit position against state provision although it argues for business models based on cooperation rather than ‘narrow competition’. Many of the projects it supports at local level seem to be based on the principle that local authority owned or run services would be better held by ‘the community’.<sup>21</sup> While local authorities have not always managed services (or buildings) as well as the local community may have wanted, those services were and are held by and for the local community by more or less democratically elected representatives.

Many community enterprises can be successful and the Big Lottery Fund is currently supporting these with its Power to Change Fund<sup>22</sup>. However Locality goes further, appearing to believe that almost all local assets would be better held not by local authorities but by community organisations. No evidence is provided to demonstrate that these community organisations are or would be more efficient, more democratic or more accountable than the local authority.

One consequence of Locality’s commitment to community organisations is that it does mean they appear to oppose the widespread involvement of large private sector corporations in the

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<sup>19</sup> <http://blogs.ncvo.org.uk/2013/12/04/help-to-work-contracts-what-to-consider/>

<sup>20</sup> It is also worth noting that the Scottish Council for Voluntary Organisations signed immediately and the Welsh Council for Voluntary Action is still (August 2014) considering its position.

<sup>21</sup> <http://locality.org.uk/resources/stand-locality-position-paper/>

<sup>22</sup> <http://www.biglotteryfund.org.uk/powerchange>

outsourcing of public services, though this does not appear to have been adopted as a formal policy position.<sup>23</sup>

ACEVO appears to believe that ‘anyone can run anything’ and the voluntary sector should be running more and more services, alone or in partnership with the private sector. The extent to which Stephen Bubb, ACEVO’s Chief Executive, is committed to privatisation became clear when his collusion with the ‘NHS Partners Network’ (a private sector consortium lobbying for NHS privatisation) was exposed, showing that he had effectively agreed to act as their covert spokesperson.<sup>24</sup> ACEVO provides “... *representation and practical support for charities delivering or thinking about delivering public services.*”<sup>25</sup>

NAVCA’s formal position accepts public services outsourcing and maintains that “*local charities and community groups play an essential part in public service development, design and delivery.*”<sup>26</sup> NAVCA believes that it should press for increased involvement of voluntary sector groups in public services delivery. In discussions while preparing this report, NAVCA expressed the view that some services such as prisons and hospitals should remain in the public sector but they have not stated this publically since the previous CEO left in 2012. NAVCA has supported the Public Services (Social Value) Act, which requires social value to be considered in the commissioning and procurement of public services.

Homeless Link’s CEO stated that his organisation does not believe that services for vulnerable people should be governed by the profit motive and thus is against the privatisation of most public services, although there is no clear public statement from the organisation on this issue. Historically most services for single homeless people were provided by the voluntary sector as the state had no (or almost no) responsibility for services for single homeless people. Privatisation has therefore perhaps been less of an issue in this sector.

Clinks has also expressed concerns privately but has no publically stated position on privatisation in general. Public comments are confined to issues affecting their sector of work and expressed in cautious terms – for example in relation to the ‘Transforming Rehabilitation’ privatisation programme.

NCVO has accepted without public comment the government’s desire both to reduce and to privatise public service and sees its role as facilitating VSGs’ involvement in that process<sup>27</sup>. In late 2013, NCVO produced a detailed report on Payment by Results (PbR)<sup>28</sup> which is very critical of the mechanism and the process in a number of areas. However the report finds ‘*general support for the concept of PbR*’. At no point is there any challenge to the underlying principle of privatisation or to the government belief that services for vulnerable people are best delivered by a commercial model where profit is the key driver.

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<sup>23</sup> See, for example, the last blog of Steve Wyler, the outgoing Chief Executive of Locality - <http://locality.org.uk/blog/likes-dislikes/>

<sup>24</sup> <http://www.independentaction.net/2012/08/14/secret-note-reveals-bubbs-collusion-with-private-healthcare-interests/>

<sup>25</sup> <https://www.acevo.org.uk/campaigns/fairer-public-service-commissioning>

<sup>26</sup> <http://www.navca.org.uk/delivering-public-services-publicationu>

<sup>27</sup> <http://www.ncvo.org.uk/policy-and-research/public-services>

<sup>28</sup> <http://www.ncvo.org.uk/about-us/media-centre/press-releases/479-payment-by-results-implementation-seriously-flawed-new-report>

Most recently NCVO has published a manifesto for the 2015 general election<sup>29</sup>. This repeats the line that public sector markets are here to stay and that an incoming government should review the market to ensure that voluntary groups get 'fair access' to it, improve commissioning practice and help voluntary groups demonstrate the "*added social value they bring to public service delivery*".

## 4. Position on VSGs' involvement in that process

NCVO has said that the sector's willingness to accept public contracts or work in partnership should not be seen as a compromise of its independence or values. Voluntary organisations should only deliver services when they support their values, and only go into partnerships with those who respect their independence and values.<sup>30</sup> This statement does not appear to be supported by NCVO's (often government funded) work in this area. All its work and support to member organisations on commissioning refers not to values but to process and mechanisms aimed at getting a better deal for its members. The word 'values' does not appear at all in the 35 page report on PbR cited above. The report claims that the voluntary sector wants to deliver public services and agrees with the government that the sector '*is exceptionally well placed to transform them for the better*'. NCVO has (alongside practically all other commentators) been critical of the Work Programme and most especially of the poor deal offered to voluntary groups working on the programme as sub-contractors to Serco, G4S, A4E and other 'prime' contractors.<sup>31</sup>

NCVO's earlier Code of Practice on sub-contracting published jointly with Serco<sup>32</sup> and which arose from concern about the Work Programme, similarly fails to address the issue of values and makes no reference to any possible conflicts that voluntary sector organisations might face in working with the private sector giants. There is no challenge at all to the idea of private profit making companies (often with a dire record on both humanitarian and efficiency grounds, as well as financial probity) playing the central role in delivering services to vulnerable people. Difficulties are seen as problems to be fixed rather than any fundamental objection to privatisation in principle and of VSG sub-contracting as a consequence of this.

Locality believes that community enterprises are the best choice for public sector services and it provides support for its members seeking to bid for public sector contracts. Locality, in partnership with the Local Government Association and others such as the Community Development Foundation is running the Our Place programme.<sup>33</sup> This programme (with £4.3 million from DCLG) says that it aims to give people more power over local services and budgets in their neighbourhoods. This is at the same time that central government is cutting grants to local authorities for mainstream core services. We have found no public statements in which Locality addresses this contradiction or about the external pressures that are making it harder and harder for local authorities to deliver effective services.

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<sup>29</sup> [http://www.ncvo.org.uk/images/documents/policy\\_and\\_research/ncvo-manifesto-2015.pdf](http://www.ncvo.org.uk/images/documents/policy_and_research/ncvo-manifesto-2015.pdf)

<sup>30</sup> <http://www.ncvo.org.uk/policy-and-research/independence-values/what-we-believe-about>

<sup>31</sup> Most recently July 2014 with '[Stepping Stones: The role of the voluntary sector in future welfare to work schemes](#)' (PDF, 360KB)

<sup>32</sup> <http://www.ncvo.org.uk/about-us/media-centre/press-releases/335-ncvo-and-serco-launch-code-of-practice-to-raise-standards>

<sup>33</sup> <http://mycommunityrights.org.uk/our-place/#sthash.fbVA7hSS.dpuf>

Locality's Community Contracting Unit (CCU) also supports community enterprises to bid successfully for public sector contracts<sup>34</sup>. They claim (without any evidence to back this up) that their members are directly accountable to the communities they serve. They can '*offer innovation, flexibility and added value in a way which other organisations cannot*'. They state their belief that community enterprises are the best choice for public sector service delivery.

Clinks has expressed concerns about the impact of privatisation in relation to the 'Transforming Rehabilitation' programme which is fundamentally changing the way probation services are delivered to ex-offenders but these concerns are confined to the dangers that voluntary agencies will not be fairly treated or get a fair share of the contract monies involved<sup>35</sup>. In another example (an interview on 'Transforming Rehabilitation')<sup>36</sup>, Clinks CEO is seen to choose his words very carefully talking about both the opportunities and threats of the programme, which he called '*a reform with health warnings*'.

Clinks regular State of the Sector reports show, for example, that over 50% of members do not get full cost recovery for contracts and 65% rely on their reserves to make up the shortfall, clearly a recipe for disaster in the medium term. Clink's concerns, therefore, as with other groups reviewed in this paper, appears to be mainly with trying to ensure that VSGs are fully and fairly involved in the programme.

However, in spite of these concerns or perhaps in pursuit of them, Clinks produced in 2013 a joint publication with Serco on commissioning<sup>37</sup> in which it stated that small voluntary sector organisations '*could see the potential benefits of working with Serco*'. It also continues to run Ministry of Justice funded regional events to support the voluntary sector through the 'Transforming Rehabilitation' bidding competition. The events are delivered in partnership with ACEVO, NCVO and Candour Collaborations (a private consultancy).

ACEVO, NAVCA, NCVO have also been working with Serco and others to deliver Commercial Masterclasses funded by the Cabinet Office on contracting and subcontracting. There is no evidence of any of these umbrella bodies having any reservations of such partnership working or have any reputational concerns about being seen as allied to organisations like Serco. This is in spite of the fact that the Serco chief executive resigned in October 2013 amid fraud allegations concerning its contracts with government. He managed to leave with a package worth in total well over £5 million.

Homeless Link does not face the same dilemma as it says that few of its members are currently involved in seeking contracts for public services. This perhaps makes it easier for them to take a stronger anti-privatisation line. They do not believe that the organisations should make a profit from work with vulnerable people and they say they consider very carefully any links or sponsorship deals with the private sector for principle and reputational reasons.

In 2012 NAVCA publically criticised Serco's involvement in bids to run the National Citizens Service.<sup>38</sup> And although he was willing to chair a Capita conference on third sector

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<sup>34</sup> <http://locality.org.uk/projects/community-contracting-unit/#sthash.hA93m1xV.dpuf>

<sup>35</sup> See, for example, <http://www.theguardian.com/commentisfree/2013/sep/19/privatising-probation-undermines-voluntary-services>

<sup>36</sup> <http://www.russellwebster.com/clinks-on-the-opportunities-and-risk-of-new-probation-system/>

<sup>37</sup> <http://www.clinks.org/sites/default/files/basic/files-downloads/Clinks%20Serco%20Womens%20Wisdom%20April%202013.pdf>

<sup>38</sup> <http://www.thirdsector.co.uk/news/1144368/Navca-voices-fears-Sercos-involvement-National-Citizen-Service-bid/?DCMP=ILC->

commissioning earlier in the year, NAVCA's Chief Executive was explicitly critical of the large contracts awarded to organisations such as Serco and G4S in an article for the Guardian in December 2013<sup>39</sup>. Welcome as it is to see a voluntary sector head at last explicitly criticising the private companies at the heart of so many (failed or failing) government contracts, the article was in effect a bid for charities to play a larger role, not a criticism of the privatisation agenda in itself.

With regard to the 'Transforming Rehabilitation' bidding process, after a raft of scandals and failures Serco and G4S were excluded from the list of prime contractors. However Capita and A4E still feature (the latter in spite of the well publicised problems in the delivery of its Work Programme contract) as does Sodexo, a company that currently runs four prisons. Sodexo are involved in bids in 12 of the 21 bidding areas, A4E in eight and Capita in six. Payment by Results remains a core element of the contract approach though that many of the concerns about this have not been adequately addressed. As the programme take shape, it will be interesting to see what if any further responses will be forthcoming from NCVO, Clinks and others to what Ian Lawrence, General Secretary of NAPO (admittedly with a vested interest but also with considerable experience in the field) referred to as '*an obscene social experiment*'.

Voice4Change England says little about the privatisation agenda other than that the process should be open to small groups and that payment systems should be fair. It appears to be concentrating on the Personalisation agenda. There is nothing recent on their website about current issues apart from the Lobbying Bill (in January 2014).

The Directory of Social Change has perhaps the clearest statement on 'Responsible Independence'<sup>40</sup> arguing for a critical distance from government and caution about entering partnerships. Although there is no explicit criticism of the privatisation of public services, DSC expresses general concern that charities are increasingly involved in delivering public services for government. They query the extent to which this constitutes charitable activity, and whether this may be inadvertently changing the purpose of what charities are for.

Overall, none of the organisations examined have said anything publically about the issue of working with private sector organisations whose treatment of vulnerable people, whose pay and conditions for carers and other front line staff and whose rewards and pay-offs for senior staff (even when services have failed dramatically) are unacceptable.

Lastly, it is worth mentioning a report recently published under the aegis of the Carnegie UK Trust and called 'A Call to Action for the Common Good'.<sup>41</sup> The working party which oversaw the production of this report included chief executives from two of the groups reviewed in this paper – Locality and NAVCA. Intended as an aspirational document, this report takes its immediate reference from the concept of the 'enabling state', frequently used as justification both for shrinking the state and for passing its functions to the private and voluntary sectors. Though the report correctly identifies many of the problems facing contemporary British society, its conclusions imply that these problems are the result of some kind of misunderstanding between people of good will in public, private and voluntary arenas. Its recommendations – '*investing in tomorrow*', '*everyone doing their bit*' and '*getting connected*' are hopelessly naive and typify how the so-called leadership bodies within the voluntary sector refuse to allow power relations and political realities to influence their thinking.

<sup>39</sup> <http://www.theguardian.com/voluntary-sector-network/2013/dec/02/charities-public-services-serco-g4s>

<sup>40</sup> <http://www.dsc.org.uk/PolicyandResearch/policyandcampaigning/policyprinciples#WVDL>

<sup>41</sup> <http://www.carnegieuktrust.org.uk/CMSPages/GetFile.aspx?guid=0d1b417d-45f0-4313-a9d8-f89b786df1dc>

## 5. The umbrella bodies' mandate

Most umbrella organisations claim a mandate from their members and indeed their credibility depends on this. Homeless Link, Clinks and NAVCA all have detailed consultation processes and mechanisms. They also make it clear that not all their members will agree on all issues and therefore they cannot represent all their members views at all times.

Clinks makes it clear that its members have different and often opposing views. Some are in competition with each other for contracts, while others actively oppose the privatisation agenda. However where there are conflicting views, Clinks' practical support seems to be aimed at those that are in favour of, or want to take part in the privatisation process – as all the training on commissioning shows. Clearly this is largely because the government is funding such work. However it is difficult to see what support these organisations are providing for their members who wish to resist the privatisation agenda or how they are representing their views and interests.

Not all of NAVCA's members feel they are well supported or that their anti-privatisation views are represented. Some have criticised NAVCA for their lack of a strong voice. I understand that there is concern among some local Council for Voluntary Service (CVS) managers about the absence of any serious nationally co-ordinated opposition to cuts that have affected their local authority funding (and thus their ability to deliver services locally).

It has not been possible to establish what consultation processes ACEVO, NCVO or Locality undertake to ensure they represent their members effectively. It is perhaps noteworthy though that ACEVO's membership reduced by over 10% in 2013. NCVO membership was boosted automatically last year when it took over Volunteering England. It remains to be seen how many volunteer centres will choose to remain members of NCVO in the future.

## 6. Conclusion

Whether this is their intention or not, taking government money to enable their members to participate in the privatisation of public services supports that process and arguably further legitimises it. It is unclear how much this, as an issue of principle, has been discussed directly with their members or indeed within the Boards of the key organisations concerned.

Both NCVO and ACEVO's CEOs have accepted knighthoods in recent years, as other voluntary sector leaders have done. ACEVO's list of member benefits include access to discounted private health insurance and membership of bodies such as the Institute of Directors. All of this suggests that being or becoming part of the establishment is very much an aspiration for these organisations, their chief executives and perhaps for at least some of their members. If there were any doubts about this Stephen Bubb's blog would dispel them.<sup>42</sup>

NCVO and ACEVO have sought to justify high pay for charity CEOs, making comparisons with the public and indeed the private sector. ACEVO criticised the Charity Commission in 2013 for questioning whether pay levels for senior staff might damage the reputation of charities. NCVO has now set up an Inquiry into levels of pay for senior staff in the sector with most Inquiry

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<sup>42</sup> <http://bloggerbubb.blogspot.co.uk/2012/03/public-appointments.html>

members being chairs of large charities.<sup>43</sup> It is not hard to guess what conclusions this inquiry will draw.

At the other end of the (pay) scale, NAVCA became the first national umbrella body to offer all staff the 'living wage' in 2012.<sup>44</sup> Locality is also a living wage employer. I am not aware of any of the other umbrella bodies adopting this policy, nor am I aware of any inquiry into low pay in the sector; nor is there, as far as I know, any commitment or recommendations from umbrella bodies that their members should only work in partnership with public or private sector organisations who offer all staff a living wage.

If all voluntary sector agencies signed up to the living wage and refused to work in partnership with private sector organisations unless they did the same, most if not all of the planned partnerships for 'Transforming Rehabilitation' and other privatisation programmes would be severely undermined as they depend (both for actual delivery and to make them more acceptable publically and politically) on the involvement of the charitable sector. The same is true of the DWP's 'Help to Work' Programme.

The trustee boards of voluntary and community groups could also decide to set other criteria for organisations (in whichever sector) they were considering going into partnership with, for example in terms of work practices or shared values. It is significant that discussions of values and ethics, usually so important for the voluntary and community sector, appear to have disappeared from, or rather have never been part of the privatisation agenda.

The role of umbrella bodies is complex and as indicated earlier there is always a balancing act needed in order for them to be able to defend their members' interests and influence government policy on their behalf (and on behalf of their services users or beneficiaries). Umbrella bodies need to maintain a relationship with government in general and with different government departments in order to have any influence behind the scenes and much of their work is necessarily done quietly, out of the glare of publicity. In addition, as already indicated, it is difficult to get the balance right between representation and leadership particularly when members have different and sometimes conflicting interests. Most umbrella bodies depend on government departments for long term core (strategic) as well as more short term project funding and have their own interests to consider.

Nonetheless, the evidence of recent years suggests that most of these bodies and certainly ACEVO and NCVO have moved too far and are ignoring the reality of life for many of the members and their service users. They have become seduced by access to power and the illusion of influence. There is an increasing culture in the voluntary sector of (usually male) CEOs developing empires and acquiring appointments and a high public profile for themselves at the expense of maintaining a real voice for those who are vulnerable and marginalised in our society.

When ACEVO's CEO can state in a letter to the Chancellor that he begins: '*Dear George: The Government must maintain its momentum on the crucial issue of public service reform*' makes no mention of the widespread poverty facing huge numbers of people caused (at least in part) by those very 'reforms', and is not criticised for this by his peers, it is reasonable to conclude that many sector leaders have lost their critical judgement and critical voice and are no longer true representatives of those they claim to speak for.

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<sup>43</sup> <http://www.thirdsector.co.uk/go/news/article/1216031/national-council-voluntary-organisations-launches-inquiry-chief-executive-pay/>

<sup>44</sup> [http://www.charitytimes.com/ct/NAVCA\\_joins\\_Living\\_Wage\\_campaign.php](http://www.charitytimes.com/ct/NAVCA_joins_Living_Wage_campaign.php)

We have been made aware of a recent (February 2014) meeting of more than 20 CEOs of voluntary sector umbrella bodies unhappy with the leadership provided by NCVO and ACEVO. They feel that these bodies have in effect joined the establishment. They are too distant from the grass roots work and from the experience of many of their members. These CEOs disagree with the line the two bodies have taken on the government's privatisation agenda and would like NCVO in particular to take a more robust, independent and critical line. Are they prepared to take a stand and mobilise support for a different approach and a different line?

If there is enough momentum, the national umbrella bodies that are unhappy with the current direction of travel could unite to put pressure on NCVO and ACEVO to take a different line and challenge the fundamental principles which underlie the privatisation agenda. At the very least they could take a stand themselves and make it clear that they will not, and their members should not, collude with and legitimise programmes such as 'Transforming Rehabilitation' or 'Help to Work' which will enable private companies and their directors to make a fortune out of the misfortunes of poor and vulnerable people. Members of these umbrella bodies unhappy with the approach their representative body is taking could also put pressure on those bodies to review and justify the work that are doing. They have the sanction of cancelling their membership and could perhaps use this sanction in a more coordinated way.

Finally, it has been argued that it is impossible to be truly independent while taking government money. The CEO of Children England has said that the loss of government money has actually freed up the organisation to take a more robust line and to say what their individual members would like to say but are constrained from doing so for political or financial reasons. The example of Children England illustrates that it is possible to buck the trend described in this report. It has a member-backed plan for pre-General Election campaigning against public sector cuts, now under way. It has also launched (August 2014) – jointly with the TUC – a 'Declaration of Inter-dependence'.<sup>45</sup> This is an initiative based on signatories and is expressed in terms of rights, values and political analysis. It states positions on price-driven competition and the value of public services and has as its purpose "*...seeking to build a new relationship between the public and voluntary sectors, based on their shared public service ethos and skilled workforces*". It is not necessary, in my view, to forgo all government funding in order to remain independent and critical of government. However it is necessary to be prepared to say no to government funding on occasions, to maintain values and standards concerning work undertaken and partnerships engaged in. It is crucial to be able to criticise government policy when it is damaging to the very people many voluntary and community sector agencies were set up to help. I have personally as the CEO of two different national umbrella bodies been involved in (successful) legal challenges to government departments which were funding my organisation at the time. The funding was not affected.

As has been shown above, the most effective censorship is self censorship. As NCVO and ACEVO frequently state, the voluntary and community sector is a powerful force in society and all governments rely on the goodwill and hard work of its staff and volunteers across the country. It is a tragic waste not to use the power that the national umbrella bodies claim they have to stop colluding, to 'speak truth to power' and to take a stand against the dismantling and selling off of the welfare state.

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<sup>45</sup> <http://www.childrenengland.org.uk/declaration-of-interdependence/>

## Appendix

**The Association of Chief Executives of Voluntary Organisations (ACEVO)** claims to be the leading voice for chief executives in the third sector. It has over 1500 members nationwide, and aims to support, develop, connect and represent chief executives in the voluntary sector. In 2012/13 it had a turnover of almost £2 million.

**The National Council for Voluntary Organisations (NCVO)**, which started in 1919 as the National Council of Social Services, is the largest national infrastructure body in England with a membership of over 10,000 organisations. It merged with (in effect incorporated) Volunteering England in 2013. NCVO claims to champion and strengthen volunteering and civil society, with over 10,000 members, from the largest charities to the smallest community organisations. It provides information, advice, support and training for its members and seeks to represent their interests to government. In 2012/13 it had a turnover of over £7 million.

**The National Association for Voluntary and Community Action (NAVCA)** is a national membership organisation originally with a membership of local Councils for Voluntary Services (local infrastructure bodies). Its membership now includes over 350 local support and development charities. It provides information, advice, support and training for its members and represents their interests to government. In 2012/13 it had a turnover of over £2.5 million.

**Locality (UK)** was formed in 2011 as a result of a merger between Bassac and the Development Trusts Association. It has a membership of over 700 community-led organisations and 200 associate partners. It supports individuals and organisations locally to exchange ideas and best practice on community asset ownership, community enterprise and social action and works to influence government and others at the national level. In 2012/13 it had a turnover of over £7.5 million.

**Clicks** supports, represents and campaigns for voluntary and community sector organisations working with offenders. It seeks to campaign, influence policy and practice and promote opportunities for the sector to develop or expand their work with offenders. It has over 550 members and in 2012 had a turnover of over £1.5 million.

**Homeless Link** supports and represents organisations working with homeless people. It has over 500 members. In 2012/13 it had a turnover of over £11 million. This included around £8 million distributed in grants to other organisations.

**Voice4Change England** has since 2011 been a national advocate for the Black and Minority Ethnic voluntary and community sector. It has over 300 members. In 2012/13 its turnover was over £250,000.

**The Directory of Social Change** is not a membership organisation. It aims to be an independent source of information and support to the voluntary and community sector in England and Wales. It provides training and produces a range of publications. In 2012 it had a turnover of around £2.3 million and does not receive any significant funding from government.

**Children England** provides a wide range of support to voluntary and community sector organisations working with children, young people and families. It has over 100 members. In 2012/13 it had a turnover of almost £2 million. This included a substantial amount of government funding. In 2013/14 their turnover is expected to be around £700,000 with no strategic or core funding from government.

## The Author



Lis Pritchard, a qualified social worker, worked in the voluntary sector for 35 years as a practitioner, manager and chief executive. She worked in homelessness agencies in London for 10 years before spending some time overseas including two years as Field Director for Voluntary Service Overseas (VSO) in Bhutan

She was appointed director of the National Association of Councils for Voluntary Service (now NAVCA) in 1998 and was later the first Chief Executive of Homeless Link. From 2004 to 2013 she was the Chief Executive of the National Appropriate Adult Network (NAAN), supporting and representing organisations providing appropriate adult services (for children and vulnerable adults detained in police stations) in England and Wales.

Lis Pritchard is now retired and works on projects that interest her on a freelance or voluntary basis.

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Andy Benson cut his teeth as a community activist in the early 1970s, working as a rights and community worker at Blackfriars Settlement in South London. There followed 8 years of work in the housing and homelessness sector before going freelance in 1986. Since then, his consultancy work has taken him into most corners of the voluntary sector and public sectors – community groups, service-providing voluntary agencies, national charities, local authorities, NHS and central government departments.

Increasingly concerned about erosion of the independence, plurality and diversity of voluntary action, in 2006, and with his partner Penny Waterhouse, he set up the National Coalition for Independent Action, where he continues to work as Co-convenor.

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