

DIRECTORY OF SOCIAL CHANGE

INFORMATION AND TRAINING FOR THE VOLUNTARY SECTOR

When Nick heard it from the grapevine: Narrative account of a roundtable meeting between Nick Hurd and charity leaders

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Nick Hurd began the discussion by explaining that ‘the Prime Minister and this Government is serious about the Big Society agenda, and that civil society is at the heart of it.’

He articulated three main themes relating to the changes ahead:

- The Big Society agenda offers a big opportunity to those organisations who are interested - ‘and it’s not for everyone’ - to participate in the delivery of public services. This will not be relevant to all organisations – far from it – but the Government wants to create more possibilities.
- The localism reforms (including the forthcoming Localism Bill) will offer greater opportunity for civil society organisations to influence the way local priorities are set and how resources are directed at a local level.
- The Government hopes to stimulate a step change in attitudes towards the giving of time and money. This is a long-term problem that requires a cultural shift so the question is about what the Government will do in the interim between the inevitable reduction in public expenditure and the replacement of that funding with private sources of income (e.g. individual donors, company giving, social investment etc.)

He went on to mention some more recent developments to consider as part of this:

- In the short term the Government is aware of the ‘need to manage necessary cuts in public spending, from which the voluntary sector cannot be immune’. Part of the answer to this is the £100m transition fund for short term help to vulnerable organisations, as well as the budget of £470m for the OCS to support their mission to strengthen civil society.
- There has been a ‘very clear steer’ from the Prime Minister to local authorities, that they should look at their own cost base first and not cut funding to the voluntary sector as an easy option.
- The Office for Civil Society recently released a Strategy document to set the policy framework for the sector, and a consultation on how we can improve the effectiveness of support for the frontline, via continued investment in capacity building [<http://www.strongercivilsociety.org.uk>]. Although Capacitybuilders is being wound up, there will be continued financial support for capacity building from OCS, and they are consulting to inform how this should work.

The chair Patrick Butler then opened up the floor to questions from delegates.

Stacy Smith from the Her Centre said that there was a lack of clarity amongst local authorities about the extent of legal restrictions to their tendering processes – particularly the interpretation of EU rules. They are being unduly restrictive and overzealous in the application of the rules. It is possible for them to offer negotiated tenders where there is proof of good provision. The Government could provide clearer guidance on where a more flexible approach could be applied. **Nick Hurd's response** was that the Partnership Improvement Programme has been designed to bring together commissioners with the voluntary sector to improve their awareness. He also was very aware of evidence of the cost of bureaucracy and costs associated with commissioning can be reduced.

Kevin Davis from the Vine Trust made a point about red tape and cuts. His organisation has been working for years to set up a project for harder to reach young people, with help from the (now abolished) Advantage West Midlands RDA and Futurebuilders. £700,000 of the RDA funding was cut down to £40,000. The time lag on the RDA making this decision put the entire scheme in jeopardy, because Futurebuilders also says they he has to spend all the money by 31 March and that is not practical. Kevin was seeking agreement from OCS that the Futurebuilders money could be spent beyond 31 March, or the whole project will collapse. **Nick Hurd** said he would look at it, there may be all kinds of complications, but to write to him.

Stacy Smith followed up with a point about private sector competition and the trend towards greater scale in contracts. The reality is that local groups are competing with commercial private enterprise, larger national charities, or larger social enterprises. Local groups are often at a competitive disadvantage in terms of bidding capacity. The response from **Nick Hurd** was that commissioners need to be clear about what the intended outcomes of their funding will be, so that they can choose the appropriate provider (presumably not just on a price basis), and that other factors than cash cost need to be included (social, environmental). If commissioners do want to do things at scale (e.g. recent DWP contracts) we need to think about the sub-contracting arrangements with smaller providers.

Peter Millar from Somerset Outdoor Learning Partnership argued that it's not necessarily that the private sector has a competitive advantage, but that the public sector don't understand how to package together services properly in tenders, and don't properly enforce the contracts. Private companies don't do the things the local authority officers think they're going to do. **Nick Hurd** responded that it there was truth in that, and that public bodies needed to be clearer about what they were buying.

Shane Ward of West Bromwich African Caribbean Resource Centre continued to describe the difficulties with contracts being tendered at **scale**, which meant that smaller local charities were being forced to form consortia in order to be big enough to make it through the PQQ stage. In his area, larger scale operators from outside the borough had been awarded the work. Once you lose the contract you lose the staff investment, the capacity around that area of work, because of TUPE (Transfer of Undertakings for Pensions and Employment). This works at cross-purposes to getting the local sector to compete; the potential of losing a contract is a disincentive to investing in what you need to deliver it.

Linda Roberts form Wired elaborated further on the question of TUPE. Charities are losing their investment of time and money as well as intellectual capital placed in individuals who are then TUPEd across to the larger, perhaps private sector winners of the tender. TUPE means that you have to abide by contractual obligations of the previous provider's employment conditions. This is not just salary levels – it can even include job descriptions, pensions, and sick pay. It's very difficult to redesign the service when these conditions aren't able to be changed. If you can't do that, you can't deliver a better service and/or reduce costs as anticipated.

Nick Hurd acknowledged that there was some serious work to be done on TUPE as part of the commissioning white paper, which would be coming out in the New Year. He said that he wasn't aware of the issues with job descriptions until today. A related issue is the drive to get public sector workers to remove themselves from the public sector by setting up co-ops and mutuals; TUPE is a big stumbling block to that as well, so this issue extends beyond commissioning with charities.

Philip Linnegar from Hertfordshire Hearing Advice Services explained that charities funded by Local Authorities were receiving letters warning of cuts, but without enough detail for them to know when the cuts are coming and how

severe they will be. The effect is that these organisations don't know when, if and to whom they should issue redundancy notices. This isn't just about staff; there is a huge knock-on effect creating uncertainty for beneficiaries / clients, as 'we don't know whether the lights will be switched off from March next year'. He characterised the current situation as 'jumping through burning hoops.'

Liz Roe from Head Start Crawley and West Sussex added to Philip's point by saying that her organisation has actually had to stop taking volunteers, because they don't know if they will still be around in April 2011. They have had letters from local authorities and PCTs warning of cuts, but little clarity about time frames. Decisions take time to filter down from central government, to the county councils, to the district councils, to the individual budget holders; by which time the charity's redundancy notices may have gone out. It is a 'topsy-turvy' way of going about it.

Nick Hurd's response to this line of questioning was that the Government recognised 'at a level far higher up the food chain than me' that there was huge anxiety in the sector about the cuts and changes. He said the £100m Transition Fund announced in the CSR is a recognition of that. He pointed out that 'I didn't know how much money we [OCS] were going to have to spend, that's just the reality of the process.' However, the CSR is now out which should hopefully create more certainty about budgets; he expected that local authorities would be in a better position to start informing contractors of the impacts soon, and people will get clearer information on which to base their decisions.

Nick Hurd went on to state his belief in the planned NHS reforms, but it is a long-term process and Government needed to take the time to get it right, because the shift from commissioning through PCTs to commissioning through GPs would be a big one.

Dr Simon Jenner from Survivors' Poetry made a point about intestate property – property which has reverted to the crown because there are no heirs or will. The amount of these assets could be considerable, and could in theory be sold off or leased to voluntary organisations, and used to provide a range of social housing or low-rent housing – how about a Big Society Housing association?

He also discussed past policies of getting people on employment support to do voluntary work, which had failed when viewed as a 'punitive measure' for people who found it difficult to work. He stressed that for people with mental health issues, volunteering could be beneficial but it was crucial that this was done in a caring way.

Nick Hurd said that the issue of intestate property could be a missed opportunity in relation to public buildings. The localism agenda will be all about transferring powers to local communities – there would be a right to take over public buildings in the Localism Bill; but communities will need to have support in accessing finance. The Big Society Bank may have a role to play in this, by encouraging things like community bonds that could finance the changes.

He also acknowledged that it was important to encourage people who were out of work to continue to make a contribution by volunteering their time. Chris Grayling in DWP is looking at this.

Miriam Lantsbury from Headway East London – an acquired brain injury charity – they are a niche service, funded through small contracts, spot-funded for particular projects. There is a lack of appropriate tenders for them, because the system doesn't think about these needs. The 13 boroughs in their constituency have different processes, different pre-qualifying questionnaires etc. How do we ensure that people in public bodies are flexible enough to engage with us? Some councils even believe that they're not allowed to work with voluntary organisations; this appears to be a political position in some cases.

Nick Hurd said the question was partly about the degree to which we try to encourage greater standardisation in contracting processes. There are examples of people or needs that are not picked up because the central Government target doesn't allow them to; in fact in many ways greater flexibility is what is required. In Merton it took one civil servant to gather the appropriate people around the table and explain how some people were falling through the net. They created a 'net below the net' to provide individual support for people with multiple needs. It didn't take much to change the thinking – but it made a huge difference to the people being helped.

How do you get more of this? How do we break down this narrow-minded approach? Some in local government will want to 'protect the empire'. A main weapon the Government will provide is greater transparency – a 'granular breakdown' of where the money is being spent, to see who is getting the money. Local authorities will have to justify their decisions, and there will be a right to challenge them. There has been too much rigidity and central Government intervention – in the future there will be much greater local flexibility about priorities.

Ian Clark, from the Church of England pointed out that most organisations are small and don't get state money. He said the discussion has been dominated by government contracts, but civil society is much bigger than

government funding. It's arguably more important to look at individual donors giving their time and money, yet there is nothing in the Government's proposals to stimulate this. The sector as a whole is being asked to accept reductions in medium term state funding, to be replaced by private funding – but how should this be done? It doesn't seem to be a priority.

Pippa May from West Norfolk Befriending asked about CRB checks. They are a small organisation working with socially isolated people with no next of kin. They rely on 23 volunteers and have just one full time, paid member of staff. Their problem is the time and bureaucracy associated with CRB checks. What's happening about changes to the system?

Jenny Stiling, Chair of Weymouth Community Volunteers, commented on the proposed changes to the NHS. She welcomed plans for more health commissioning going to GPs, but said there are too many GPs who 'still don't get it'. This is going to be a very big area of work. How will doctors respond and how will the charity represent itself to the GPs?

Nick Hurd addressed the last points together. He said he is concerned about the level of dependency of the sector on public funding and the tendency for that funding to be applied to larger organisations. 70% of all government funding goes to organisations over £1m in annual income. We need a step-change in people's attitudes towards the giving of time and money – resources that are independent of the state that will underpin the long term resilience and independence of the sector. He stressed that this is the agenda for him that is really important, especially for the long-term.

He went on to talk about the Big Society Bank, which is designed to grow the market for social investment and make use of the capital in charities' bank accounts and in institutional and retail portfolios. The message is that this is an opportunity to invest money with a good chance of getting it back but whilst making a real difference in terms of social impact. The Bank is there to grow the social investment market and start connecting this money with the sector and creating new products that are convincing. This market is fragile and fledgling at the moment, but it comes at a time when the public are starting to think about what they are contributing or what their investment manager or company is doing in this area. It is in tune with changing public opinion.

Then there's also the traditional giving of time and money and within the Government; he said there was a real determination to pull this together into a proper piece of work with other departments like DCMS (the arts), BIS (universities), and OCS thinking about wider Civil Society. We're a relatively

generous country but government thinks we can do more – the question is “how?” This goes to the heart of the Big Society agenda. We give 0.7% of our national wealth but if over time we could ‘nudge’ that to 1%, especially for the wealthy, then this would be worth billions.

The OCS will be focusing on making it easier for people to give their time and their money and he is totally aware that CRB is a huge frustration. There is an active review of vetting and barring, conducted by the Home Office, OCS is very plugged into that. What can we do to make this quicker and more consistent across the country.

On GP commissioning, there is a question of education and access. If OCS, as champion of the sector in Government, can help by raising awareness of the sector for GPs then they will.

Nick Hurd concluded by reiterating that although much of the discussion focused on contracts, this is just part of the story. The more important point longer term, is about encouraging the role that small and local voluntary organisations play in society and helping them be resilient and independent.