

acevo

Charity Leaders Network

FREE SOCIETY

REALISING OUR NATION'S POTENTIAL
THROUGH THE THIRD SECTOR

**The ACEVO 2015 General
Election Manifesto**

#freesociety

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**KEY
MESSAGES
FOR AN
INCOMING
GOVERNMENT**

“KEY MESSAGES FOR AN INCOMING GOVERNMENT” FROM ACEVO CEO SIR STEPHEN BUBB, AND RNIB CEO AND ACEVO CHAIR LESLEY-ANNE ALEXANDER CBE



The third sector is the UK's life support machine. Without the third sector's 900,000 charities, social enterprises, campaign groups, associations large and small – and many others – the UK would not be the country it is. And yet as ACEVO said in January 2012, *'we are living in one of the most difficult operating environments for charities in the last twenty years.'*

It's not just that budgets have been cut. There is a growing sense that too many politicians no longer understand the crucial role of the third sector in the twenty first century, or why community-driven public services are key to the kind of quality of care and quality of life that every one of our fellow citizens deserve.

The independence of the third sector is key to our work. It gives us the standing to argue for our beneficiaries, to speak difficult truths to those in

power about some of society's most vulnerable people. And yet, all over the country, even as the third sector works harder than ever to deliver, the voices of many of our most important campaigners are being chilled by legislation - and they are increasingly afraid to speak out.

Our message is clear: the next government cannot allow this to continue.

The ACEVO manifesto for a 'Free Society' is the blueprint to a better way. There are 36 policies, each of which are costed and ready to be implemented by any or all of the political parties vying for the third sector's vote next year. They crystallise into three key messages:

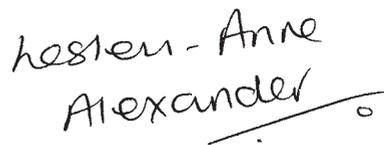
- 1. Implement a five point plan to free society.** It's time to guarantee third sector independence – and society's freedom, and society's right to debate, campaign, question and indeed resist – in law. We offer five simple, cost free principles and amendments to existing laws that would help protect the free society our nation deserves.
- 2. Create a Citizens' Charter on Community Rights.** Community assets and services should be owned or delivered by communities. It's time to guarantee that anyone using our public services has a right to care in their community. We propose a Charter that contains three community rights - the right to challenge, to bid, to buy - and two citizens' rights – the right to choice and the right to voice - that can form the foundation of a revolution in public services.
- 3. Give the money raised from fining fraudulent bankers back to society.** Changes to law and practice must be backed up by action. LIBOR and foreign exchange rates fixing by banks was an international scandal, but let us make some good of the fines that have emerged from this and other financial misdemeanours. Alongside other good causes, we argue that a portion should go towards building the third sector's infrastructure after years of cuts.

We argue for a £120m, 3 year Community Sustainability Fund to help cuts-affected organisations with promising business models; for Community Action and Resilience Funding to enable the third sector to help the manage nation's future service crises; for £45m to be spent on Social Ambition Funding to help third sector organisations become investment- or contract-ready in the specific areas of community healthcare, unemployment services and rehabilitation. And we argue for funding to set up Community Care Banks to further build the marketplace for social investment in each of these three areas - and ensure that the shameful scandal of rate fixing leaves a lasting legacy for good.

It is clear that the Government must work harder to respect, restore and unleash the potential of our third sector. This manifesto is an open challenge to our political parties to listen and learn. For the next government, the stakes riding on these policies are high. The third sector's 900,000 organisations, including 70,000 social enterprises and 164,000 charities with nearly 1m staff and more than 15m volunteers are waiting for their response.

Handwritten signature of Stephen Bubb in black ink, underlined.

ACEVO CEO
Sir Stephen Bubb

Handwritten signature of Lesley-Anne Alexander in black ink, underlined.

RNIB CEO and ACEVO Chair
Lesley-Anne Alexander CBE

To produce this manifesto, the ACEVO team consulted with our 1,500 members across the UK, who lead third sector organisations ranging from small, community-based charities to some of the nation's best known charity and social enterprise brands.

Recommendations were also informed by the results of ACEVO's four annual membership surveys, which focus respectively on the themes of Sector Trends: Economic and Social Capability and Confidence (Local and National); Health and Social Care Systems; New Markets and Infrastructure; and Pay and Equality. Our six Special Interest Groups (SIGs) provide ACEVO with in-depth insight into specialist issues. We have also studied and consulted widely over the course of our policy work with the wider ACEVO thought-leadership community in our specialist areas of economics, public service reform, health, local government, campaigns and regulation. To find out more please visit www.acevo.org.uk

THE PROPOSALS

THE PROPOSALS: 36 RECOMMENDATIONS TO HELP THE UK MEET ITS POTENTIAL

All parties should commit to enshrining the right to a free society and a free third sector in law by way of the following five point pledge plan:

WE WILL

1. Protect free speech of the third sector explicitly in law. Depending upon party policy this will be either through amendment of the Human Rights Act 1998s 7, through direct intervention by way of a British Bill of Rights or through lobbying for amendment of the European Convention on Human Rights Article 11.
2. Protect the freedom of the third sector to speak out against injustice. Communications with third sector regulators should be privileged and there should be a presumption in law that third sector campaigns constitute fair and honest comment.
3. Protect charities' access to judicial review and extend the right to legal aid to charities where they represent an at-risk or under-represented group.
4. Commit to a Single Third Sector Act unifying all of the regulation around charity campaigning. This includes appropriate provisions in the Charities Act, the Lobbying Act, the Freedom of Information Act, the Political Parties Elections and Referendums Act.
5. Work with and support an ongoing assembly of third sector organisations whose mission is to maintain the independence of the third sector's voice and set up an All Party Parliamentary Group for third sector Independence and Campaigning.
6. All parties should commit to **repeal the lobbying act** in the first year of the next parliament.

SUPPORTING THE NATION'S OTHER SAFETY NET

The next government will have to take urgent action to ensure our nation's communities remain resilient. The solution lies in backing the third sector and its work.

Strengthening Local Communities

7. We need a new Citizens' Charter on Community Rights. The presumption should be that community assets should be owned by community organisations – and community services should be delivered by community organisations. This is about consolidation and extension; existing community rights should be extended across government departments, initially to Health, Work and Pensions and Justice to encourage community-centred services.

A new **Community 'Right to Buy'** should join the existing Right to Bid and Right to Challenge. This right states that community organisations that have worked through the right to challenge process should be the **preferred provider** when it comes to purchasing community assets or delivering community-based services. The Charter would be completed by citizen's right to choice and voice, discussed further below.

8. The next government should use the proceeds of LIBOR fixing and fines from banking malfeasance' to extend **local sustainability funding** which must be approved in this parliament, a further three years to help mitigate the effects of several years of local cuts on promising third sector organisations.
9. DCLG should extend its strategic partners programme to cover more of the third sector. They should initiate a **Consortia First programme** encouraging councils to work with groups of third sector organisations on complex issues of importance.

Helping Britain's Crisis Managers

10. A **Community Action and Resilience Team** should be created within the Office for Civil Society (OCS), in partnership with the Home Office, dedicated to identifying national and local resilience and security issues with which the third sector is playing or should play a leading role. This team should have the standing to hypothecate a section of emergency funding to scale up the work of third sector providers in these situations.
11. The Department of Health should lead the way by hypothecating a portion of future funding in a **Community Action and Resilience Fund** for Winter Crisis measures to third sector providers.

The First Line of National Security

12. The Home office, the OCS and the third sector should work proactively together in a **Royal Commission on Community Leadership** to identify opportunities to celebrate and support positive examples of third sector leadership in marginalised communities and work positively to find the next generation of community leaders. ACEVO's own commission on *Next Generation Community Leadership* would feed into this broader enquiry.

FROM OPEN PUBLIC SERVICES... TO PUTTING THE CARE BACK INTO PUBLIC SERVICES

Towards Truly Open Public Services

13. In the next round of commissioning for large public service programmes such as the Work Programme or Transforming Rehabilitation which deal with vulnerable people, the next government should adopt the **Third Sector First** test. This is not about placing a minimum limit on the percentage of contracts won by the third sector but about creating a truly open commissioning

environment which helps platform the third sector in spite of the financial odds stacked against its providers.

The programme involves:

- Implementing the Citizens' Charter on Community Rights: rolling out Right to Challenge, Right to Bid and rights to choice and voice into public service commissioning. These statutory rights would buttress a statutory requirement for the Third Sector to be consulted on Commissioning Programmes in key areas of 'major public or community interest' and enable them to propose more community-focussed alternatives to take them on.

The Cabinet Office should work with the third sector to develop the Third Sector First test which decides which programmes from which departments are subject to the 'major public or community interest test' and so subject to these rights.

In addition, the Third Sector First test would commit the Government to providing, in any procurement situation:

- longer, more manageable procurement timetables
- working to make more guidance available to subcontractors
- making more advice on risk management available
- working with Big Society Capital and social investment intermediaries to ensure that they are on alert to field enquiries and provide assistance with working capital for third sector organisations.

14. The OCS should **franchise the Third Sector Support Team** based in the Cabinet Office to other Government delivery departments, beginning with the **departments of health, work and pensions and justice**, to roll out the Citizens' Charter on Community Rights across the public sector. These teams would also have practical objectives. A first order of business should be to replicate the successful Investment and Contract Readiness Fund (ICRF) across these departments to focus

on specific commissioning competitions within these departments, with a view to **tripling ICRF funding in total over the first three years of the next parliament**. These programmes will create more innovative, responsive services that will ease the tax burden in the short, medium and long terms. We refer to this funding as **Social Ambition Funding**. It should total a minimum of £45m and could be paid for either out of departmental budgets or out of banking fines.

15. Third Sector Support teams should support innovation in third sector commissioning, such as the creation of a **Third Sector Prime Provider** to manage the delivery of complex contracts.

Collaborative Commissioning: The New Public Service Normal

16. Alliance Contracting and other collaborative commissioning techniques should be explicitly supported by the next Government. In the first instance a **Collaborative Commissioning Unit** should be established in the Cabinet Office's Government Innovation Group, to examine how collaboration and consortia building can transform public services across government. There will also be implications for Big Society Capital, discussed below.
17. Commissioners should develop a **Three Stage Accounting Cycle Alternative** to the standard one year accounting cycle to promote and support preventative provision that will produce benefits over time – and help ensure that the quality of public services do not suffer whatever the financial environment. We suggest that there should be three stages:
 - a Conventional one year accounting cycle
 - a One Term Policy with a five year reporting framework
 - a Two Term policy with a ten year reporting framework be adopted to assess the quality of public service interventions, especially around prevention and early intervention.

- It should be incumbent upon a national politician to inform the House why a particular cycle has been chosen to prosecute a particular social policy and to weigh that decision against the scale of other cuts to be made. At the local level this may take place in ordinary council proceedings.
- 18. The Commissioning Academy** should be spun out as an independent body over the life time of the next government. It should be enabled to raise funding for its work from other independent bodies and its work should directly be aligned with the work of Big Society Capital who along with OCS should be an initial cornerstone funder of the independent body. Specific areas of training should be devised in conjunction with the third sector, DCLG and external organisations such as the LGA around alliance contracting, and with the Treasury, DWP and external organisations such as the IFS around differing accounting cycles. Making use of a strengthened social value act should be part of the Commissioning Academy's programme.

Youth Unemployment: The Crisis We Cannot Afford

- 19.** All political parties should commit to a 'First Step' or 'jobs guarantee' for young people who have not been in work for 12 months.
- 20.** The next government should take forward further recommendations from the report including providing funding for targeted **Youth Employment Hubs** comprised of services providers from all sectors, initially in the 21 worst affected youth unemployment hotspots.
- 21. Youth employment hubs should form part of the broader policy of ensuring that community services are delivered by community organisations.** The aim should be to mutualise the **Job Centre Plus**. Mutualisation of job centres into local trusts can bring a third sector approach to an ailing public service and restrictions that prevent this from happening should be lifted in the context of broader public service reform discussed further in this manifesto.

Health, Early Intervention and New Models of Caring Public Services

22. The next government should commit to allowing third sector organisations to **deliver on equal terms** to both public and private sector organisations.
23. The Government must work proactively with: CCGs, HWBs, the Royal Colleges, the NHS confederation, the Foundation Trust Network and Commissioning Support Units – to prioritise effective engagement with the third sector. They should seek to build strong partnerships that support better commissioning, strong integration of services and more innovative services.
24. NHS regulatory bodies should work with the Department of Health to develop **New Outcomes Matrix** for cross-system regulation of the NHS, including strong emphasis on performance in supporting prevention through cross-system integration – and an emphasis on out of hospital care.
25. **Citizens Rights to Choice and Voice** in relation to services should be made part of the NHS constitution – as well as part of the Citizens' Charter on Community Rights. This leaves us with a Charter of three community rights (to challenge, to bid and to buy) and two citizens' rights (to choice and voice) which can help inaugurate a step-change in our public services.

Social Investment: Funding More Caring Public Services

26. Big Society Capital should be mandated to set up **Community Care Banks** subsidiaries capitalised by £100m from LIBOR fixing fines – to deal with specific social areas where the third sector lacks working capital e.g. Community healthcare, welfare and unemployment, justice and rehabilitation. These subsidiaries should be set up with the specific aim of scaling up third sector provided services in these areas

27. The NHS Commissioning Board, Department of Health, NHS partners and Big Society Capital should set up, as a first priority, a **“Community Healthcare Bank”** – a health **dedicated subsidiary of Big Society Capital** with a board comprised of representatives from the Department of Health, the Royal Colleges, Public Health England and NHS England to urgently support the transition to preventative healthcare in the community. The bank could support a range of initiatives, and be free to ring-fence funds for specific cases of acute need. One example would be to ring-fence £30m for people with learning disabilities, as argued for in a forthcoming ACEVO report.
28. Big Society Capital should be tasked with or mandate an appropriate organisation to conduct research on the nature of Alliances and Consortia – and the conditions under which such alliances become investable with a view to wholesaling the market in these areas.
29. Social Investment should be part of every major service delivery department’s strategy, with areas susceptible to social investment being proactively placed in departmental plans.
30. The next government should sponsor **a Pilot of Social Investment Action Zones (SIAAs)**, initially in the Tri-Borough area of Hammersmith and Fulham, Kensington and Chelsea and Westminster. This investment would bring local councils into the social investment mix, and would comprise community-lab ‘meeting places’ for investors and organisations and space for ‘dragons’ den’ style events.
31. The next Government, through the OCS, should set up the equivalent of its consumer advice service *The Money Advice Service*: a **Charity Debt Advisory Service** looking to take on debt and so help increase the demand for social investment in a fair, sensible, sustainable way.

EXIT BIG SOCIETY, ENTER FREE SOCIETY

Third Sector and Business

32. The next government should focus, not on defining social enterprise, but on nurturing the ecosystem in which social benefit takes place. We urge the FCA and the CIC regulator to work together to encourage innovative kinds of social benefit business model and to report back over the lifetime of the next government.
33. Sports clubs should be encouraged to join the third sector. As part of the Citizens' Charter on Community Rights, nudges should be considered to encourage community ownership. One such is that on extending the benefits of Community Amateur Sports Clubs (CASCs) to community-owned clubs, including those with paid professional staff. Such an extension may be premised on them committing to a range of activity to boost community needs more generally.

Ambition and Protection for the Third Sector

34. The Third Sector is crucial to the Nation's present and future and the OCS is crucial to the third sector. That is why the next government should **restore the Minister representing the OCS to a Minister of State position and add to his or her function the title of Minister for Citizen and Community Rights**. The Minister of State should additionally be mandated to attend cabinet, as part of the drive for innovation in budget setting and delivery across government.

The OCS would thus be enabled to revive and reinvigorate its function as originally conceived by ACEVO when we helped set up its predecessor, the OTS. The department should be an **advocate across government for a free society, for third sector independence, and for third sector delivery of public services backed by a Citizens' Charter for Community Rights**.

- 35.** Alongside extending community ownership and delivery, the OCS **Third Sector Support Team** should proactively advocate for major bodies such as the Big Lottery Fund to take their place within and enhance the third sector by becoming community owned mass-mutuals themselves. It should provide the Minister with the robust resources to make the third sector's case across government.
- 36.** Following the results of the Lord Low Commission on Charity Regulation, all parties should undertake to review the current complex arrangements that govern the regulation of charity and social enterprise. The regulator should reaffirm its commitment to supporting and protecting independent, active third sector that delivers services and speaks truth to power – and to supporting and protecting a free society.

1. THE NATION'S OTHER SAFETY NET

ACEVO's Social Sector Tracker – a quarterly survey of ACEVO's 1500 charity and social enterprise chief executive members across the UK – found that 88% of third sector leaders experienced a rise in demand for their organisation's services in the last year. 89% envisaged demand rising again next year.¹

The third sector provides an invaluable safety net, however, it is being stretched to breaking point. Less than a third of third sector leaders believe that they will be able to continue meet the demands being placed upon them over the coming year.²

With the prospect of further budget cuts looming, the next government will have to take urgent action to ensure our nation's communities remain resilient. The solution? Backing the third sector and its work.

Demands on the third sector continue to rise. Shelter answered 83,000 calls and emails in 2012/13, a 25% increase on 2011/12.³ Food bank charity The Trussell Trust announced that between 2013–14, 913,138 were provided with a three day emergency supply of food, compared to 346,992 in 2012–13.⁴ Calls to ACEVO's Charity CEO in Crisis Service rose 93% – almost doubled – across a similar time period.⁵



Today's third sector is often propping up state services without adequate resource or support. Consider 'baby banks' supporting vulnerable mothers with food, clothing and vital advice. Consider the British Red Cross' support for pensioners left at risk by changes to their social care arrangements. Consider Save the Children's UK emergency response team that provided cookers, fridges and cots to waterlogged households in Somerset during this year's floods.

Were it not for the third sector, life would be that much bleaker for some of the most vulnerable people in our country. Yet too often throughout this parliament politicians of all stripes, officials, commentators and market providers have been guilty of patronising the third sector, or of damning the third sector's work with faint praise.

As a nation we must do better. It is time for the Government to **recognise** the third sector's contribution to our nation's resilience and sense of security; to **reacquaint** themselves to the centrality of the third

sector to our national life, to our society and economy, to our culture and sense of self, and to unleash their potential to help **rebuild** our nation. This is the challenge laid down in this manifesto.

THIRD SECTOR

The third sector consists of the UK's charities, social enterprises, churches, universities, grass roots campaign groups, informal associations, cooperatives amateur sports clubs – the list goes on.

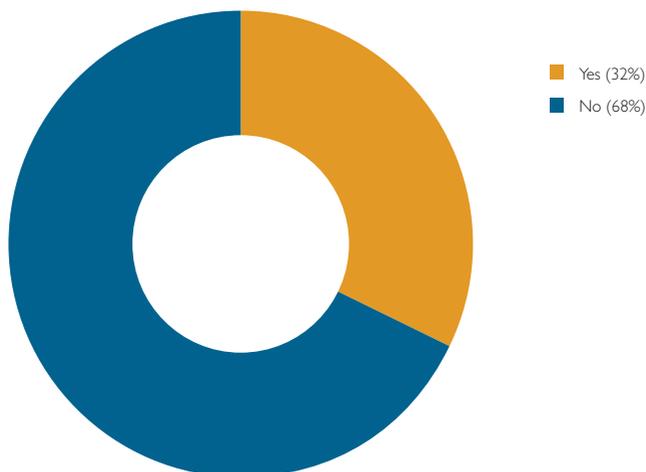
There are over 164,000 registered charities as of 30 June 2014.⁶ Estimates suggest that there are up to 70,000 social enterprises and many more informal campaign groups, associations and grass roots organisations.⁷ Charities employ 900,000 people.⁸ Around 15.2 million people volunteer at least once a month, based on Cabinet Office's Community Life Survey.⁹

The 2013 income of the third sector was £181bn, of which the charities comprise around £39bn.¹⁰ Social enterprises turn over some 18.5 billion each year.¹¹ In total there are some 900,000 third sector organisations in the UK.¹² The third sector is the glue that holds local communities together – and it is also a powerful force for good whose potential cannot be ignored.

I.1 STRENGTHENING COMMUNITY RIGHTS

Fig. 1 ACEVO 2013/14 Social Sector Tracker for Sector Trends –

'Are you confident that your organisation can meet an increased demand of its services over the next 12 months?'



Third sector organisations are often first on the scene when there are problems to solve or problems that might be prevented. Third sector organisations working with government and collaborating with each other at the local level deliver complex services meeting society's many complex needs.

The *Localism Act* was a key piece of legislation in the current Government's drive to recognise this; to devolve power from the centre to communities by enshrining the *Community Rights to Challenge* and *Community Rights to Bid* on so-called 'Assets of Community Value' in law.

Many charities or social enterprises that work in communities do good through such assets. Some are involved on a statutory basis; many are not.

Arts centres, sports clubs and other community groups provide invaluable services and opportunities often do not receiving statutory funding. Yet they can be subject to statutory decisions, thoughtless closures or poor planning. The consequences of a local authority disregarding the advice or expertise of such organisations are huge. Stripping away public spaces, selling off buildings and amenities can create lasting damage. Cuts that seem like a good idea at the time can have serious consequences.

The Department for Communities and Local Government (DCLG) was set up to improve the way central and local government worked. It has been unable to prevent serious cuts at the local level decimating local services. And it has been unable to prevent the unthinking closing of many community assets which genuinely breathed life into communities. These costs will be borne further down the line and the next government must recognise this – and takes action to turn it around. The first stage to avoiding future crisis is to **strengthen and support community rights in law.**

COMMUNITY RIGHTS IN ACTION: BURTON STREET FOUNDATION



The Burton Street Foundation is an early example of a highly successful takeover of a community asset. In its previous form, as the Langsett Music School, the building was scheduled for demolition in 1995. After a local community campaign was launched, the site was occupied and started its new life as a community centre.

The Burton Street Foundation has evolved into a community-owned social enterprise, specialising in supporting adults and older children with learning and physical difficulties. Over 180 adults and older children with learning and physical difficulties enjoy Burton Street's services and activities every week, and over 20 small businesses and voluntary organisations have workspaces or offices on site.

We recommend:

We need a new **Citizens' Charter on Community Rights** that puts the third sector first. **The presumption should be that community assets should be owned by community organisations and community services should be delivered by community organisations.**

Existing community rights should be extended across and supported by government departments, initially to Health, Work and Pensions and Justice to further enshrine the principle that community based services should be delivered by community based organisations. We discuss these extensions further below.

A Community 'Right to Buy' should be extended to communities alongside the existing Right to Bid and Right to Challenge. Community organisations that have worked through the right to challenge process should be the **preferred provider** when it comes to purchasing community assets or delivering community-based services.

The importance of a Citizens' Charter on Community rights – that consolidates and builds upon existing community rights provisions – is a recurrent theme of this manifesto. **We urge the next government to draw up proposals upon it as a matter of urgency.**

ACEVO welcomed the news earlier this year that the Office for Civil Society had gained backing from the Treasury for a new one year **Local Sustainability Fund programme**, to help voluntary sector organisations that are struggling financially despite doing crucial community work.¹³ ACEVO argued for this fund in our 2013 Budget Submission.

But, given where we have come from, the journey to rebuilding our society and shoring up the glue that holds it together will take longer than one year. And it will take leadership – not *laissez-faire* – from the next government to make it happen.

We were encouraged to hear that the Chancellor believes that money raised in fines from the fixing of foreign exchange rates and the Libor rate by fraudulent bankers should be used 'for the wider public good'.¹⁴ Rebuilding our communities and the third sector infrastructure that binds them should be high up the list. We believe that the shame of recent banking scandals – and other scandals arising from banking, insurance or similar financial malfeasance – will be overcome by investing in projects that leave a sustained, lasting legacy for good. This manifesto outlines where that will happen.

We further recommend that:

DCLG extend its strategic partners programme to ensure that its networks extend throughout the third sector. As part of this extension it should initiate a 'Consortia First programme' encouraging councils to work with groups of collaborating third sector organisations on complex issues of importance, who have come together or wish to come together to deliver complex services.

The Government extend local sustainability funding a further three years to help mitigate the effects of several years of local cuts on promising third sector organisations.

1.2 HELPING BRITAIN'S CRISIS MANAGERS

The third sector is our nation's crisis management team and the next government must help them to help us.

Take Health. Here the third sector's work across several fronts is preventing a national crisis. The Office for National Statistics projects that by 2035 those aged over 65 will account for 23% of the population; the number of people over 85 will be 2.5 times larger than in 2010.¹⁵ As argued in *The Prevention Revolution*,¹⁶ the 2013 report of ACEVO's

Health Taskforce, chaired by Sir Hugh Taylor, only deep systemic shifts will help us overcome the barriers to meeting the immense needs of our population that is ageing, has complex mental health conditions and a marked increase in chronic or long term illnesses.

Last winter, ACEVO, in association with the British Red Cross, Age UK and the Royal Volunteer Service proposed a plan to have voluntary services operating in the 53 most under pressure Accident and Emergency departments scaled up. As a result of those negotiations it was agreed that voluntary organisations would be represented on resilience working groups.

However, we remain concerned at the progress. And we remain concerned that the third sector's role as the nation's crisis managers is not being sufficiently supported. The picture in health is replicated across the board. From flooding to foodbanks, from security to the environment, officials consistently drag their heels and fail to recognise the crucial role of the third sector when looking to secure our resilience. Too often, the institutional and bureaucratic structures fail to find a way of working with the third sector; they act unilaterally in hope rather than in partnership, for the benefit of society. At any time – but certainly in moments of crisis – this is not good enough.

We recommend that:

A Community Action and Resilience Team is created within the Office for Civil Society, in partnership with the Home Office, dedicated to identifying national and local resilience and security issues with which the third sector is playing or should play a leading role – and can hypothecate a section of emergency funding to scale up the work of third sector providers in these situations.

The Department of Health lead the way by hypothecating a portion of future funding in a Community Action and Resilience fund for Winter Crisis measures to third sector providers.

1.3 THE FIRST LINE OF NATIONAL SECURITY

The third sector's positive contribution to National Security is perhaps one of the most under-estimated areas of its activity.

This is a matter of common sense. The third sector promotes values of support, solidarity and tolerance that help create a better world. Whether it is through the work of Jewish Care or Christian Aid, Muslim Aid or any of the other great charitable organisations, the third sector provides positive values and a positive framework for people young and old from all walks of life.

ACEVO strongly believes that we must recognise and celebrate this if we are to offer our young people a positive vision for the world. When "Prevent" was introduced as part of the Government's CONTEST counter-terrorism strategy, it set out the intent to support "community based campaigns and activity." As it transpired it was a superficial commitment from government towards the third sector:

The third sector's focus on care, on virtues and values, on good civic leadership and on nurturing the next generation should be the objects of inquiry for the government. The challenge now – here as for the rest of the government – is not to use these third sector leaders and organisations superficially, as instruments, but to help, work with and platform the next generation of third sector leaders across all our communities and thus work together to better craft our collective identity.

We recommend that:

The Home office, the OCS and the third sector work proactively together in a Royal Commission on Community Leadership to identify opportunities to celebrate and support positive examples of third sector leadership in marginalised communities and work positively to find the next generation of community leaders. ACEVO's own commission on Next Generation Community Leadership would feed into this broader enquiry.

**2. FROM
OPEN PUBLIC
SERVICES...
TO PUTTING
THE CARE
BACK INTO
PUBLIC
SERVICES**

“Creating universal public services was one of the great achievements of the 20th century.

Renewing those services is one of our great challenges in the 21st – and this government is determined to meet it.”

David Cameron, 2011¹⁷

“My case is that the time demands a new culture in our public services ... The next Labour manifesto will commit to a radical reshaping of services so that local communities can come together and make the decisions that matter to them.”

Ed Miliband, 2014¹⁸

At the start of its tenure, the Government correctly identified that the key to improving quality and access to public services is to work with the third sector.

The Government's 'Open Public Services' agenda was about helping charities and social enterprises deliver more public services. There was welcome acknowledgement that voluntary groups are pioneers in tackling the most entrenched social issues.

We need to rediscover that optimism. Here is how.

2.1 TOWARDS TRULY OPEN PUBLIC SERVICES

ACEVO's 2013/14 Social Sector Tracker Survey found that of the 75% of third sector leaders aiming to expand in the next year, 44.2% intended to bid for public service contracts.¹⁹ Third sector leaders are ready, willing and able to deliver.

Yet over the last few years, they have not been sufficiently supported by their partners in government.

Unfortunately the Department for Work and Pensions' Work Programme has become a symbol of carelessness in public services. Many people have been helped but many of the *hardest to reach* have been left behind.

The third sector was disappointed by the lack of consultation during the Work Programme's design. The speed of its launch saw successful bidders announced only four months after initial invitations to tender were published. This meant that prime providers had little time to build relationships with subcontractors. Little working capital was available and so third sector organisations suffered at the hands of professional corporate contract-bidders, who have delivered less for more. Ministers were determined to push through payment-by-results contracts and large, complex contracting models – and they expected the third sector to pick up whatever was left behind.

Transforming Rehabilitation, the Ministry of Justice's procurement programme, was supposed to rectify such wrongs: the voluntary sector was to compete as equals for offender rehabilitation contracts. Why then is there not a single third sector 'prime' contractor with government? As ACEVO CEO Sir Stephen Bubb said:

"The third sector must never be subservient to the interests of private companies, rather than the communities we serve."

With further budget cuts looming, these lessons must be learned. It's time to recognise the care that the Third Sector bring to public services and to the hardest to reach: and put the Third Sector First. Here, a Citizens' Charter on Community Rights can play a crucial role.

We recommend that:

In the next round of commissioning for large public service programmes such as the Work Programme or Transforming Rehabilitation which deal with vulnerable people, the next government should adopt a **Third Sector First** approach. This is not about placing a minimum limit on the percentage of contracts won by the third sector but about creating a truly open commissioning environment while helps platform the third sector in spite of the financial odds stacked against its providers.

Third Sector First involves:

- Implementing and supporting **the Citizens' Charter on Community Rights**: rolling out Right to Challenge and Right to Bid into public service commissioning. These statutory rights would buttress a statutory requirement for the third sector to be consulted on Commissioning Programmes in key areas of 'major public or community interest' and enable them to propose a more community-focussed alternative to take them on. They would be supplemented by *Citizens' Rights to Choice and Voice*, discussed further below.

The Cabinet Office should work with the Third Sector to develop the Third Sector First test which decides which programmes from which departments are subject to the 'major public or community interest test' and so subject to these rights.

In addition, the Third Sector First test would commit the Government to providing, in any procurement situation:

- longer, more manageable procurement timetables
- working to make more guidance available to subcontractors making more advice on risk management available

- working with Big Society Capital and social investment intermediaries to ensure that they are on alert to field enquiries and provide assistance with working capital for third sector organisations.

We also need to recognise that market failure in public services needs to be dealt with by further action. As we said in a letter to the Prime Minister in early 2014, when considering the Government's public service reforms:

"The public sector monopolies that you were so keen to break open have been threatened by new private sector oligopolies."

We cannot and should not accept this situation.

Government can work with the third sector to provide an alternative to market failure – and true choice for Britain's public service users. Here, ambition is key.

ACEVO's own work building successful third sector consortia in Knowsley, Gateshead and Norfolk, described in our report *Real Local Change* shows that when voluntary organisations effectively come together, they can outperform the private sector and offer care and choice.²⁰

The Government's **Investment and Contract Readiness Fund**, which was superficially a small sum of money, has nevertheless shown how the sector can come together and make small sums of money go a long way if the programme is right.

Moreover, we do not yet have a third sector prime contractor working directly with government. Combined with the work and expertise gained by the Office for Civil Society over the last decade, the shape of an ambitious programme to develop third sector commissioning is emerging.

We recommend that:

The OCS should **franchise the Third Sector Support Team** based in the Cabinet Office to other Government delivery departments,

beginning with health, work and pensions and justice, to roll out the Citizens' Charter on Community Rights across the public sector. These teams would have practical objectives. A first order of business for them should be to replicate the successful Investment and Contract Readiness Fund (ICRF) across the public sector, to focus on specific competitions within these departments, with a view to **tripling ICRF funding in total over the first three years of the next parliament.** This **Social Ambition Funding** will create more innovative, responsive services that will ease the tax burden in the short, medium and long terms.

The new departmental Third Sector Support teams should work to support innovation in third sector commissioning, and genuine market alternatives, such as the creation of a **Third Sector Prime Provider** to manage the delivery of complex contracts.

INVESTMENT AND CONTRACT READINESS IN ACTION: ST GILES TRUST



St Giles Trust is a highly successful third sector organisation providing services for ex offenders to help develop skills, give on the job training and reduce the chance of them reoffending again.

ACEVO worked with them to secure funding through the Cabinet office's Investment and contract readiness fund. ACEVO's remit was to help them grow their services and capacity, thus improving their position to take on contracts under the Ministry of Justice's transforming rehabilitation programme.

ACEVO provided bid writing support to St Giles for the fund application and provided assistance in putting together a budget and project plan.

As a result of the support provided St Giles submitted a successful ICRF application for a grant of £94,800 with a view to securing contract valued at £500,000. With further project management, stakeholder engagement and bid support St Giles successfully tendered under the transforming Rehabilitation programme and won as part of a consortium in two contract areas.

It should be a goal of the next government to see more third sector organisations following St Giles Trust's and ACEVO's lead.

2.2 COLLABORATIVE COMMISSIONING: THE NEW PUBLIC SERVICE 'NORMAL'

Charities, commissioners and government need to be united in their aim to deliver the best public services.

That means improving commissioning, but it also means developing new kinds of networked commissioning that go with the grain of our times.

Third sector leaders are doing their bit. ACEVO's Social Sector Tracker 2013/14 reported that more than twice as many charities entered into a consortium to win public service contracts in 2013/14 as in 2010. 50% of those respondents who had entered a merger since 2010 had done so in 2014.²¹ There is a clear move towards collaboration. *The next government must understand that this is a 'new normal' – and support it.*

The NHS must also recognise this trend. A forthcoming ACEVO report describes *Alliance Contracting*, a form of commissioning whose roots lie in the construction industry, in which risk is shared equally between a group

of providers, rather than simply transferred down the food chain from prime to sub contractors. The next government must be hungry to learn more about collaborative commissioning of all kinds, if it is to give us the community alternatives – and the truly open public services – we need.

We recommend that:

Alliance Contracting should be explicitly supported by the next Government. In the first instance a Collaborative Commissioning Unit should be established in the Cabinet Office's Government Innovation Group, to examine how collaboration and consortia building can transform public services across government. There will also be implications for Big Society Capital, discussed below.

There is an economic value in supporting the third sector. By building community resilience, we reduce demand on the public purse. By cutting third sector services either through ignorance or indifference, commissioners can increase the tax burden down the line.

Government accounting of any kind, let alone of future losses or gains, is fraught territory, however it is important that structures attempt to keep up with the times and recognise the new normal in which we exist. To support collaboration and community services, the next government must consider structural changes to accounting process, accountability and the provision of capital.

We recommend that all services seeking to address complex needs be tracked against one of three accounting cycles.

Commissioners should develop alternatives to the standard one year accounting cycle to promote and support preventative provision that will produce benefits over time – and will ensure that quality services are maintained regardless of the financial environment. We suggest that there should be three stages:

- a Conventional one year accounting cycle
- a One Term Policy with a five year reporting framework
- a Two Term policy with a ten year reporting framework be adopted to assess the quality of public service interventions, especially around preventionIt should be incumbent upon a national politician to inform the House why a particular cycle has been chosen to prosecute a particular social policy and to weigh that decision against the scale of other cuts to be made. At the local level this may take place in ordinary council proceedings.

Part of the structural change must also involve training for commissioners, officials and politicians. Here we see a role for the Office for Civil Society's newly inaugurated Commissioning Academy. We support its creation, but in order to deliver the mandate, its remit must become more ambitious.

- The Commissioning Academy should be structured as an independent body over the lifetime of the next government. It should be enabled to raise funding for its work from other independent bodies and its work should directly be aligned with the work of Big Society Capital who along with OCS should be an initial cornerstone funder of the independent body. Specific areas of training should be devised in conjunction with the third sector, DCLG and external organisations such as the LGA around alliance contracting, and with the Treasury, DWP and external organisations such as the IFS around differing accounting cycles. Making use of a strengthened social value act should be part of the Commissioning Academy's programme.

2.3 YOUTH UNEMPLOYMENT: THE CRISIS WE CANNOT AFFORD

In ACEVO's 2012 report *Youth Unemployment: The Crisis We Cannot Afford*, which was the final output of the ACEVO commission chaired by David Miliband MP, we quantified the structural youth unemployment problem. We argued there that the Department for Work and Pensions restructure its Work Programme to address more urgently the unemployment of tens of thousands of young people.

The Commission identified 152 youth unemployment 'hotspots' where targeted work was required. The work of the commission was recognised when the Government assented to its proposal for a Youth Contract aimed at 18–24 year olds. A Talent Match scheme, articulated in the report, was also established by the Big Lottery Fund, designed by young people focussed on local solutions. And the 'first step' or 'jobs guarantee' articulated in the report remains a key political issue have been adopted as policy by the Labour Party.

Despite these steps, the underperformance of Job Centre Plus remains a huge problem and no attempt to deal with it or provide an alternative – the Government's work programme included – has yet made inroads. Parts of the report have not yet been adopted; the next government must look again at these. We cannot afford to let this fall off the agenda and we see the solution in a broader approach to public services reform that we propose further throughout this manifesto.

Report of the ACEVO Commission into Youth Unemployment chaired by David Miliband MP: 'The crisis we cannot afford' (2012): Problems and Recommendations

The net present value of the costs to the Treasury of youth unemployment, even looking only a decade ahead, is approximately £28 billion.

A **Youth Contract** should be front-loaded to double the number of job subsidies available.

There are 152 'hotspots' across Britain, where the proportion of young people claiming benefits is twice the national average and the proportion of young people NEET is at least 1 in 4.

Key organisations must come together locally as **Youth Employment Hubs** to commission the expert help needed to get young people into work.

DWP's indicative contract volumes suggested only about 100,000 young people would qualify a year; a small proportion of the 1.4 million NEETs.

After one year looking for work on the Work Programme, young people should have access to a **'First Step' Job Guarantee** – combined with responsibilities for job search and preparation.

Britain's structural youth unemployment problem means even when the economy is booming approximately 7–9% of all young people were headed for long-term worklessness.

A **Job Ready programme** should be established as a locally-tailored, national programme for those most at risk of becoming long term NEET.

We recommend that:

All political parties commit to a 'First Step' or 'jobs guarantee' for young people who have not been in work for 12 months.

The next government should take forward further recommendations from the report including convening targeted Youth Employment Hubs comprised of services providers from all sectors, initially in the 21 worst affected youth unemployment hotspots.

Youth employment hubs should form part of a broader policy in support of ensuring that community services are delivered by community organisations. The specific aim should be to **mutualise the Job Centre Plus**. Mutualisation of job centres into local trusts can bring a third sector approach to an ailing public service and restrictions that prevent this from happening should be lifted in the context of broader public service reform discussed further in this manifesto.



2.4 THE BIG ELECTION ISSUE: HEALTH, EARLY INTERVENTION AND NEW MODELS OF CARING PUBLIC SERVICES

There would be no NHS without the third sector. To take one example, family carers save the NHS £87bn each year – more than half its overall budget. The number of people with three or more long-term conditions has been predicted to rise from 1.9 million in 2008 to 2.9 million in 2018.²² In complex conditions, issues of mental health, public health where prevention is better than cure, the third sector build resilience and create a culture of care.

With the Health and Social Care Act 2012, new commissioning entities were supposed to put power in the hands of local people. The introduction of both Clinical Commissioning Groups (CCGs) and Health and Wellbeing Boards (HWBs) was carried out haphazardly, but nevertheless provided an opportunity. Yet it remains that, all too often, the third sector is shut out of crucial conversations about health commissioning by institutional, professional and bureaucratic arrogance.

The next government needs to smash these cartels. There is no room for complacency about the crucial role of the third sector – and no room for equivocation about its centrality to the NHS' survival. A recent ACEVO Publication, *Working in Partnership*, outlines seven principles for commissioning units to work with the third sector. This is the start of a longer process of turning the culture of the NHS around to work with the third sector as equals.

We recommend that:

Political parties should commit to allowing third sector organisations to deliver on equal terms to both public and private sector organisations

The Government must work proactively with CCGs, HWBs, the Royal Colleges, the NHS confederation, the Foundation Trust Network and Commissioning Support Units – to prioritise effective engagement with the third sector. They should seek to build strong partnerships that support better commissioning, strong integration of services and more innovative services.

The March 2014 Public Accounts Committee report into emergency admissions criticised the health sector for not working together in a cohesive way to secure savings, better value and a better service for patients.

Financial incentives for reducing acute admissions are not aligned. A hospital is currently paid more the more people it admits, a point of emphasis which severely undermines preventative care.

To reduce the immense pressure on NHS services, the next government needs to turn its attention to reducing the demand for – not increasing the supply of – services where it can be avoided, as in the case of chronic conditions and acute care for the elderly.

The next government must work hard to mainstream some of the best practice that charities are already demonstrating. As ACEVO outlined in our response to the 2014 budget, the **Better Care Fund (BCF) is a strong step towards integration**. It was recently announced that the pot for pooled budgets has risen from £3.8 billion to £5.3 billion.²³ This has the potential to support genuinely integrated work across the sector, and firmly recognises the need to reduce pressures on the country's hospitals. As well as joined up institutional working, personalisation also has a role to play. **Personal Health Budgets (PHBs)** allow for continuous care on a personalised basis. Direct Payments in the NHS were made legal in April 2013, and since October 2014 people have had the 'right to have' a PHB.

ACEVO has long argued, since our 2007 publication *Citizens' Rights* and most recently in February 2014 in the Financial Times, and in a letter to

the Prime Minister;²⁴ for patient *rights to choice and voice* to be instantiated across the health system. There is nothing just about a vulnerable patient, who for example might be in their last moments, being forced to die in a hospital ward rather than a hospice or at home, with their family. The development of a new Citizens' Charter on Community Rights gives us a moment to consolidate these ideas.

- NHS regulatory bodies should work with DH to develop New Outcomes Matrix for cross-system regulation of the NHS, including strong emphasis on performance in supporting prevention through cross-system integration – and an emphasis on out of hospital care.
- Citizens Rights to Choice and Voice in relation to services to be made part of the NHS constitution – and part of the Citizens' Charter on Community Rights.



The big health debate of this parliament has been **competition**, and it is likely to continue. The competition that matters should not be for the patronage of the clinician in a race to the bottom but for the right to deliver the best possible care to a vulnerable patient in a race to the top.

The next Government needs to articulate its stance on competition – and very clearly and robustly argue it. After the helpful the listening exercise on choice and competition during the 2012 health bill, chaired by ACEVO CEO Sir Stephen Bubb, the debate has been off the government agenda. This 'vow of silence' cannot continue and ACEVO will present the third sector's case forcefully in any future debate.

2.5 SOCIAL INVESTMENT: FUNDING MORE CARING PUBLIC SERVICES

The Government successfully committed to making the UK a world leader in social investment. This presents an immense opportunity for the next government to fund putting the care back into public services – and to funding many of the innovations described above.

The establishment of Big Society Capital (BSC) to 'wholesale' capital to organisations in the social investment market has helped. We believe that Big Society Capital – even if the name does not stick after the election – should be enabled to set up subsidiaries to deal with specific social problems and specific areas of potentially transformative long term social policy.

We consider healthcare and long-term alliance building to be two major areas. In *Prevention Revolution* we explored approaches to public investment in the NHS, including the establishment of an Community Healthcare Bank or Health dedicated subsidiary of Big Society Capital for releasing funds to start up, or medium-term innovations. This remains a good idea as one of the key barriers to getting more organisations

involved in NHS services remains up front capital.²⁵ Mental health and the role of cultural spaces in helping create community resilience could provide the appropriate mix of a long term problem requiring a long term solution and a monetisable asset base that makes social investment desirable – and thus provides working capital for third sector organisations in these areas.

We recommend:

Big Society Capital be mandated to set up subsidiaries to deal with specific social areas where the third sector lacks working capital eg Health, Welfare. These subsidiaries should be set up with the specific aim of scaling up third sector provided services in these areas.

The NHS Commissioning Board, Department of Health, NHS partners and Big Society Capital set up a health dedicated subsidiary of Big Society Capital to support the transition to prevention. The bank could support a range of initiatives, and should be free to ring fence funds for specific cases of acute need. One example would be to ring fence £30m for people with learning disabilities as suggested in a forthcoming ACEVO report.

Big Society Capital be tasked with or mandate an appropriate organisation to conduct research on the nature of Alliances and Consortia – and the conditions under which such alliances become investable with a view to wholesaling the market in these areas.

That social Investment be part of every major service delivery department's strategy, with areas susceptible to social investment being proactively placed in departmental plans.

To make the most of this opportunity, the next government will also have to be realistic about the need for social investment to win 'hearts and minds' of the third sector:

ACEVO's recent report, *Social Investment: The Local Opportunity*, has identified the lack of capacity of local organisations to engage with social investment. The report calls for the establishment of **Social Investment Action Zones** to drive a new wave of democratic, local social investment. SIAAs are defined as places where concerted exploration of the potential of social investment to support charities working to address local need makes sense, and where there is sufficient potential demand for national and local social investment intermediaries to regard these areas as 'local investment markets'. These action zones would bring together local councils, local charities and local social investors to drive change in these areas.

Simple information remains scarce. 47% of respondents to ACEVO's 2013/14 Social Sector Tracker said their trustees would be 'unlikely' or would 'never' consider social investment. When asked if they had ever taken on a loan, only 23.6% of respondents said they had.²⁶

Not only charity trustees but the public might well be sceptical of the idea of our nation's most secure, least indebted sector planning their future around taking on debt. This is far from a negligible concern.

ACEVO polling at the latest party conferences showed that when asked what the single biggest difference to the agenda would be, third sector leaders asked for more information. The third sector needs more advice and given the scale of the opportunity, and the amount spend on setting up the supply side infrastructure, the next Government would be foolish to neglect the demand side and fail to give advice on the potential pitfalls – as well as opportunities – of this particular form of social funding.

We recommend:

The next government sponsor a Pilot of Social Investment Action Zones (SIAAs), initially in the Tri-Borough area of Hammersmith and Fulham, Kensington and Chelsea and Westminster. They would bring local councils into the social investment mix, and would comprise community-lab 'meeting places' for investors and organisations and space for 'dragons' den' style events.

The next government, through the OCS, sets up the equivalent of its consumer advice service *The Money Advice Service* for charities looking to take on debt and so help increase the demand for social investment in a fair, sensible, sustainable way.

**3. EXIT: BIG
SOCIETY**

**ENTER: FREE
SOCIETY**

We are proud of our nation's commitment to a free society, to free speech, to a free civil society that sits between the individual and state. These are truly our nation's values. The third sector does not only hold society together or deliver public services: it gives us an identity and makes us proud to be part of our nation.

That is why we are deeply ashamed of the attempts to gag and stifle free speech and free association and the draconian laws that have been passed over the course of this parliament. Our message to politicians is clear: repeal these laws, stop undermining the third sector – and remember what it means to be part of a free society.

3.1 STOP GAGGING THE THIRD SECTOR

The Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act was passed in 2014. The Act limits the amount non-party campaigners can spend on public awareness-raising before the General Election.

The act was poorly drafted and there was very little consultation with charities and campaigners beforehand.

ACEVO has vehemently fought against the Lobbying Act and will continue to campaign for its repeal. Research by the Charities Aid Foundation recently showed the extent to which our international standing has altered as a result of this legislation. Its Future World Giving Report stated that governments in Azerbaijan, Ecuador, Indonesia, Algeria and the UK have recently introduced, or are in the process of introducing legislation that will restrict the right of not-for-profit organisations to

criticise government policy.²⁷ We may debate whether these country represent the sort of citizen and community rights-respecting nations that the UK should align itself with – but we must certainly question why politicians are taking us into territory that most free societies reject.

The third sector, its vibrancy, its freedom, is essential to a free society. The Act must be recognised for what it is: an aberration that will not stand the test of time.

We recommend that:

All parties commit to repeal the lobbying act in the first year of the next parliament.

It is a matter of some irony that the Act was passed in the era of 'Big Society.'

The stated Big Society mission – to 'give citizens, communities and local government the power and information they need to come together; solve the problems they face and build the Britain they want'²⁸ – was at heart positive. It enshrined a very deep truth about the way society and people work. Neither purely focussing on the economy nor purely focussing on the state touches this truth about the diversity of human existence. And nothing has come to close to it from any political party since. There can be no economy and no public services without an independent, free third sector holding society together through the unique collective power of its thousands of organisations, hundreds of thousands of staff and millions of volunteers.

It is time for a platform that recognises the importance of a free society to all our agendas. We urge the political parties to adopt the following five point plan to ensuring that the power of society is freed and is enabled to remain free.

- All parties should commit to enshrining the right to a free society in law by way of the following five point plan:

WE WILL

1. Protect free speech of the third sector explicitly in law. Depending upon party policy this will be either through amendment of the Human Rights Act 1998s 7, through direct intervention by way of a British Bill of Rights or through lobbying for amendment of the European Convention on Human Rights Article 11.
2. Protect the freedom of the third sector to speak out against injustice. Communications with third sector regulators should be privileged and there should be a presumption in law that third sector campaigns constitute fair and honest comment.
3. Protect charities' access to judicial review and extend the right to legal aid to charities where they represent an at-risk or under-represented group.
4. Commit to a Single Third Sector Act unifying all of the regulation around charity campaigning. This includes appropriate provisions in the Charities Act, the Lobbying Act, the Freedom of Information Act, the Political Parties Elections and Referendums Act.
5. Work with and support an ongoing assembly of third sector organisations whose mission is to maintain the independence of the third sector's voice and set up an All Party Parliamentary Group for third sector Independence and Campaigning.

3.2 THIRD SECTOR AND BUSINESS

The Prime Minister has stated that *“you can only have a strong NHS if you have a strong economy.”* ACEVO agrees that public services cannot be discussed in isolation from the economy. We go further; the third sector is clearly central to our economic, social and cultural life.

A thriving voluntary sector is critical to economic recovery but also human cultural flourishing. It is estimated that the Gross Value Added

of charities alone in 2011/12 was £11.8 billion.²⁹ Yet it is not just in the contributions of charities, but in their work to reduce demand on state services, in their contribution to the life of a community and to the wellbeing of those within it that the value of the third sector speaks for itself.

We were thus surprised to read the following:

“You have to get out there and put the business argument, because there are plenty of pressure groups, plenty of trade unions and plenty of charities and the like that will put the counter view”

Chancellor George Osborne,

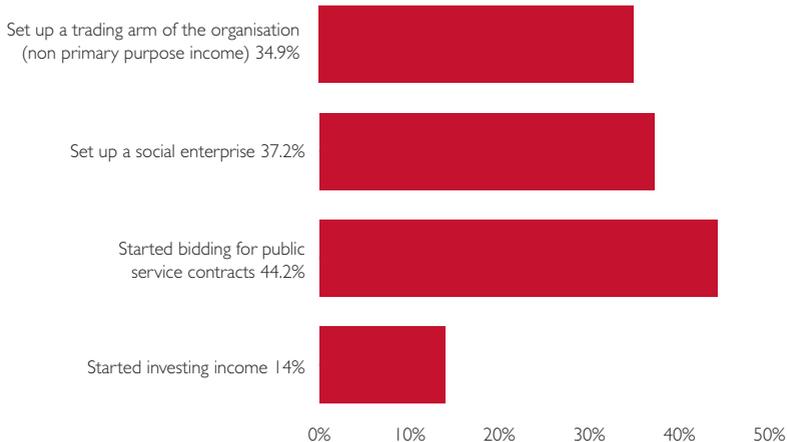
speech to the Institute of Directors, 3rd October 2014

Such a message, along with the sentiment that charities should ‘stick to their knitting,’ which was expressed elsewhere³⁰ is unedifying, outdated and contrary to the ethos of a free society. This theme must end now.

ACEVO wishes to reiterate that the voluntary sector in Britain is far from anti-business. Our business is collaboration. As we have seen, we excel in creating partnerships with organisations of all forms and structures to tackle some of the biggest issues facing society. Many of the estimated 900,000 third sector organisations in the UK are enterprises. They work for social purposes but generating a sizeable portion of their revenue through trade. Many charities have a trading arm. ‘Not for profit’ may be our badge, but ‘not for profit’ is not the same as ‘for loss.’ We aim to build Britain’s social, cultural and economic prosperity and resilience and we believe, when we are at our best, that we do so each and every day.

Fig 2. ACEVO Social Sector Tracker Survey

What Changes are Charities Planning to Make to their Business Models?



Across the country the benefits of the third sector are touching our nation's cultural, social and economic fabric. Mutual, cooperative, fan ownership is bringing swathes of the country into the third sector.

The government should make it easier for more organisations to adopt social benefit characteristics and bring them within the purview of the third sector. This does not mean 'defining' social enterprise through the state. This does mean enshrining a flexible set of models – such as California's B-Corp, which allows businesses to have sustainable purposes without the inflexibility of the UK's Community Interest Companies (CICs) – in law.

It is time for government to play its role in brokering a new and vibrant dimension of the third sector and business.

We recommend that:

The Government focus, not on defining social enterprise, but on nurturing the ecosystem in which social benefit takes place. We urge

the FCA and the CIC regulator to work together to encourage innovative kinds of social benefit business model and to report back over the lifetime of the next government.

Sport provides a tangible example of where this is happening already – and where A Citizens' Charter can make a tangible difference. ACEVO supports moves to broaden fan-ownership of football clubs and cooperative and mutual business models more generally.

It also means extending existing provisions; 'nudging' us towards the principle of community assets and services being owned by the community. The Government's Community Amateur Sports Club (CASC) scheme has enabled grassroots sports clubs to receive significant tax relief – but only if they do not pay staff. If a single member is paid all the tax relief is retroactively paid back. In our era this is draconian. There is no reason why fan-owned clubs, which do significant work in the community, should not be treated as community facing organisations. It is the activity – not the wage structure – that is key here.

We recommend that:

Sports clubs should be encouraged to join the third sector. As part of the Citizens' Charter on Community Rights, nudges should be considered to encourage community ownership. One such is that on extending the benefits of CASCs to community-owned clubs, including those with paid professional staff. Such an extension may be premised on them committing to a range of activity to boost community needs more generally.



3.3 AMBITION AND PROTECTION FOR THE THIRD SECTOR

It remains the duty of government to play its part in ensuring that the third sector reaches its potential – and helps others to do the same.

The Office for Civil Society has gone through several changes. Its influence grew under the stewardship of Nick Hurd MP but now it requires a purpose again.

ACEVO is proud to have helped found its predecessor, the Office for the Third Sector in 2006. The idea of the department then was to be a model grantmaker and advocate. The Office for Civil Society has attempted to be an innovator and connector across government. The next government must restore and reinvigorate its key function: **the job of this department is to protect a free society and the rights that make it possible. We need to empower it to do its job.**

We recommend that:

The third sector is crucial to the Nation's present and future and the OCS is crucial to the third sector. That is why the next government should **restore the Minister representing the OCS to a Minister of State position and add to his or her function the title of Minister for Citizens' Rights**. The Minister of State should be mandated to attend cabinet, as part of the drive for innovation and care in setting budgets and delivering services across government.

The OCS would thus be enabled to revive and reinvigorate its function as originally conceived by ACEVO when we helped set up the OTS as a department with a specific mandate to be an advocate across government for a free society, for third sector independence, and for third sector delivery of public services backed by a Citizens' Charter for Community Services.

We also see a crucial role for the OCS bringing together and advocating for the reform packages we have outlined in this manifesto and offering support.

- The OCS Third Sector Support Team should proactively advocate the pushing out of the Citizens' Charter on Community Rights. It should advocate for major bodies such as the Big Lottery Fund to take their place within and enhance the third sector by becoming community owned mass-mutuals themselves. It should provide the Minister with the robust resources to make the third sector's case across government.

A CITIZENS' CHARTER FOR COMMUNITY RIGHTS IN ACTION: THE COOPERATIVE COUNCIL AS A MODEL FOR GOVERNMENT



Lambeth Council has adopted a 'cooperative council' model which seeks to use third sector approaches to delivering best-in-class services.

ACEVO worked in Lambeth at the pivotal stage in the introduction of personal budgets in social care, which enable people to manage their own care. At that time, the council was anxious to ensure that there would be an adequate range of organisations providing services from which Personal Budget holders could buy support.

The council determined that local organisations needed support to both understand and respond to the organisational development challenges of marketing and selling services to individuals.

ACEVO recognized the importance of local third sector organisations being a part of this journey and owning the overall process. To facilitate this we created a commission in Lambeth to review the implications of the introduction of personal budgets. Several recommendations for support emerged.

We urge the OCS to adopt a similar model – working in concert with the third sector – as part of its Third Sector First Support Programme.

Not to be forgotten: a key part of that function is the role of the charity regulator, the Charity Commission. The Low Commission on charity regulation, chaired by Lord Low of Dalston and convened by ACEVO, will report in 2015 and will contain a blueprint for 21st century charity regulation. For now let it be said that it is crucial that the Charity Commission recognise its role in supporting a free society and safeguarding civil society's right to speak truth to power – and that government reminds the regulator of this duty.

We recommend that:

Following the results of the Lord Low Commission on Charity Regulation, all parties undertake to review the current complex arrangements that govern the regulation of charity and social enterprise. The regulator to reaffirm its commitment to supporting and protecting independent, active third sector that speaks truth to power – and to supporting and protecting a free society thereby.

ENDNOTES

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“ The independence of the third sector is key to our work. It gives us the standing to argue for our beneficiaries, to speak difficult truths to those in power about some of society’s most vulnerable people. And yet, all over the country, even as the third sector works harder than ever to deliver, the voices of many of our most important campaigners are being chilled by legislation – and they are increasingly afraid to speak out.

Our message is clear: the next government cannot allow this to continue.”

Sir Stephen Bubb, CEO, ACEVO
& Lesley-Anne Alexander CBE, CEO, RNIB
and Chair, ACEVO