Speaking Truth to Power

by Julia Unwin

A discussion paper on the third sector's relationship with Government
"In the long run, the self censorship that fears reprisals and seeks to pre-empt them is as dangerous for the freedom of the sector as the abuse of position by the powerful seeking to silence dissent."

Julia Unwin

The Baring Foundation has been fortunate to have Julia Unwin as our policy advisor for over a decade and she has played a special role in the life and development of the Foundation.

In 2000 our trustees brought together a varied group of voluntary sector organisations which we fund to discuss their relationship with Government. As a consequence of this discussion we commissioned Julia to undertake further research and the result was the first edition of Speaking Truth to Power. Four years later, the Foundation felt that the issue of the independence of the sector was just as critical to the health of society and asked Julia to return to the subject.

In this new publication, Julia brings us up to date with an era when Government funding is even more dominant in the sector, but, in principle at least, its independence is protected by the National Compact. A more complex story emerges in this second report along with a series of challenges to voluntary organisations, Government and other funders.

Speaking Truth to Power provides a sophisticated framework to address the key question of what independence means. Most importantly it seeks to promote a timely discussion of how voluntary organisations can make the most of the opportunities which the Government is offering, without jeopardising their integrity.

David Cutler, Director, The Baring Foundation

Speaking Truth to Power by Julia Unwin
A Baring Foundation publication, produced in collaboration with acevo.
Launched at the acevo Conference 2004, “Third sector: society’s watchdog or government’s poodle?”
First published December 2004
Copyright © 2004 The Baring Foundation
All rights reserved
The Baring Foundation has commissioned Julia Unwin to write this paper in her capacity as an independent commentator and her views do not necessarily reflect those of the Foundation.
No part of this book may be reproduced by any means, or transmitted, or translated into a machine language without prior permission in writing from the publisher.
ISBN 0-9538040-4-6
<table>
<thead>
<tr>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is it better to march or to do?</td>
</tr>
<tr>
<td>Summary: Speaking Truth to Power</td>
</tr>
<tr>
<td>Introduction: the role of the third sector</td>
</tr>
<tr>
<td>Speaking Truth to Power in 2000</td>
</tr>
<tr>
<td>Speaking Truth to Power in 2004</td>
</tr>
<tr>
<td>Looking forward: challenges for the future</td>
</tr>
<tr>
<td>Conclusions</td>
</tr>
<tr>
<td>Appendix 1: Purpose and methodology</td>
</tr>
<tr>
<td>Appendix 2: The role of the independent grant-making trusts</td>
</tr>
<tr>
<td>Acknowledgements</td>
</tr>
</tbody>
</table>
The third sector’s most vital role in society is as a force for change, improving the lives of citizens through direct action. For this very reason, the sector fiercely protects its right to scrutinise, criticise and challenge the decisions of those in power. This right has greatest significance when the sector articulates the voice of the dispossessed, making a compelling case for social change. Speaking out on behalf of service users is fundamental both to the sector’s credibility and to its effectiveness.

An expanding role in policy implementation and service delivery has transformed the sector’s relationship with Government. Often it is now Government that challenges the sector to secure and demonstrate change, rather than the reverse.

Julia Unwin’s incisive thinkpiece recognises the sector’s continuing importance as “platform of influence”, and reflects on its changing relationship with the present Government. She asks whether the sector’s growing engagement in public policy development and service delivery risks blunting the edge its independence brings to campaigning.

Many in the sector highlight the importance of independence, but what does this involve and why is it so valuable? Some argue that organisations compromise their integrity simply by accepting government funding. Some seem to believe that campaigning for change is inherently more worthwhile and appropriate than delivering it: that it is “better to march than to do”.

It is true that many acevo members now have public bodies as funders, and can be reluctant to compromise business relationships through blunt criticism. In some cases, it can be easier to speak out through the sector’s membership bodies. acevo’s push for funding reform through the Gershon Efficiency Review, backed by concrete evidence from its members, provides a striking recent example. The support of independent foundations for infrastructure bodies is therefore crucial in maintaining a vibrant, healthy sector.

Engagement with Government can also be challenging and fatiguing. As Julia notes, its expectations of homogeneity and capacity across Government are frequently disappointed. Chief executives must strive to ensure that their level of engagement with Government reaps the benefits they anticipate for their organisations and their client groups.

Making the most of the sector’s new relationship with Government demands real resources. Organisations with stable staffing and finance are most able to devote the time that policy scrutiny requires. We hope that current progress on full cost recovery and surer funding will help build more sustainable organisations, with senior staff structures more than capable of challenging policy expertise in government.

Engagement with Government which helps achieve policy change and improves services must be better than sitting on the sidelines and complaining. Organisations such as NACRO and RNID have taken a pragmatic approach to engagement with Government. They provide striking examples of how work delivering services to their client groups can inform and enhance their expertise in campaigning, rather than compromising it. Practical experience of delivery gives them added legitimacy in the eyes of Government.

If speaking truth to power is to be more than an exercise in self-righteousness, power must listen and act. After all, what is more valuable to the homeless, a wholly uncompromising campaign, or homes?
This discussion paper looks back to the experience of the third sector in the first term of the Labour Government. It takes stock of our current position, and discusses the challenges and opportunities of the future. It draws attention to measures that would enhance and enrich the relationship between third sector and Government, while at the same time pointing to the dangers of reduced independence, arguing that both the third sector and Government would suffer if the sector’s voice was to be confined. It argues that a strong and diverse third sector voice is essential to the development of responsive public policy.

The paper is intended to promote discussion. It is based on the view that there is no conflict between providing services and advocating for change, but that both are vital functions in a free society trying to resolve many complex problems. Whether they are building strong communities, providing services, representing people in need, or running research projects, all third sector organisations want to draw attention to their work, and ensure that a response is generated. In speaking truth to power the third sector is pursuing its historic mission of helping to argue for, and create, real social change.
The third sector plays a major role in civil society. It provides a platform of influence, enabling the voice of the disadvantaged and dispossessed to be heard. It provides a vehicle for offering services and support, and at the same time it enables collective expression of grievances and distress. It also offers space in society in which new ideas can be developed, old ideas and processes challenged, and change eventually achieved. At its best the third sector provides a framework for promoting social and cultural change, and does so in a way that engages people whose voices might otherwise be silenced. Locally, regionally and nationally, the energy of the third sector provides a bridge between those with power and those without.

In a mature democracy, the sector's ability to articulate citizens' needs and demands, and to do so in a way that can be effective in securing change, is welcomed, cherished and supported. Those developing and implementing policy know that they must consider alternative perspectives, and must be challenged and scrutinised in what they do. Uncomfortable or not, the relationship is recognised as one with the potential for dynamic change.

Third sector organisations have a long history as advocates for those in need. In championing the needs and rights of the dispossessed, third sector organisations have sometimes made themselves unpopular, but have enabled real change.

There are three ways in which the third sector engages with government on policy issues. It

• helps to shape policy, both by responding to consultations and by championing change,

• scrutinises implementation, drawing attention to the impact of policies and programmes, and

• works in partnership either to develop or manage programmes.

Taken together these three form a policy making circle.

The sector's role is not unchallenged, and it must be clear about the source of its mandate. For some organisations this mandate is based on the evidence gathered through their work, drawing on the experience of members or service users. Other organisations derive their authority from research, which provides another form of evidence. Still others claim a moral mandate, based on history and organisational experience. None of these mandates is absolute, and in a less deferential age, in which information is easily accessed and just as easily challenged, the legitimacy of any form of policy engagement will always be questioned.

This paper is about the voice of the third sector. It describes the sector's role in speaking out for the dispossessed, advocating social and policy change, and championing those who too often find powerful organisations hostile and impossible to influence. It is based on a vision of the third sector as part of a vibrant and fast moving civil society, working to support people in need, but also providing a platform for dissenting and challenging voices to be heard. This view of the third sector embraces its role in policy development, seeing it not simply as an adjunct to service delivery, but as a core function. It sees campaigning and advocacy as central to charitable mission. Most importantly, it recognises that innovation and change frequently have roots in a direct challenge to the established order.

There are two ways in which the sector needs to engage with Government. In simple terms, the sector's lobbying and advocacy effort is focused to influence:

• the policy environment as it affects service users, members and the community at large, and
Introduction

- the operating environment as it affects the investment and regulatory frameworks which influence the business activities of third sector organisations.

This paper examines the third sector’s ability to speak up. Recognising that the relationship between Government and the sector has changed, and is continuing to change, it asks:

- Is it still possible for the third sector to challenge the establishment and advocate change?
- In what ways, if any, does the sector need to change to improve its ability to do this?
- Do organisations working closely with Government experience any limits to their advocacy role?

Can the sector speak truth to power? Or is it increasingly confined and restricted? Does a close working relationship with government, local and central, inhibit the sector, or enable its voice to be more powerfully articulated?

The paper considers the experience of the last seven years, and looks forward, highlighting the challenges and opportunities which will influence the sector’s ability to speak truth to power.
In 2000 the Baring Foundation published a discussion paper drawing attention to the ways in which the recently elected Labour Government was challenging the third sector. The paper drew on the experiences of the small and medium-sized organisations that the Foundation funded. It made a number of observations about the nature of third sector experience of the first term of the Labour Government.

At that stage the sector was described as enthusiastic about the possibilities for engagement, and encouraged by the Government's new, more inclusive approach to policy making. While exhausted by some of the demands for them to contribute to policy development, many of the organisations that took part in the debates leading up to that publication were energised by the prospect of real change in the relationship between Government and the third sector.

However, for some organisations there had been major problems of capacity. Sudden increases in their levels of service delivery had occurred without, frequently, any increase in funding for the associated overheads. Others reported tensions between their boards and their chief executives in determining both the pace of change and the nature of the possible congruence between the agenda of the Government and that of the charity.

In particular, many organisations argued that the first few years of the Labour Government, while enabling them to develop their policy role, and moving many of their long cherished proposals closer to implementation, had also allowed some to confuse access with influence. The more open and inclusive style of ministers, and, consequently, of some civil servants, meant that the sector's voice could be heard, but there were few with any illusions about the degree to which this could be equated with action. It is easier to listen than to respond.

The report also noted that this increased engagement had come at a cost for third sector organisations. For many this cost had been worthwhile, enabling them to advance their missions. They were confident that the stance they had adopted had brought valuable benefits both to their organisation and to its beneficiaries. For others, who perhaps felt that they had achieved little influence through their increased access, the costs had seemed disproportionately high.

Looking back: a third sector perspective on the first term of the Labour Government

In reviewing the period since 1997 it is important to recognise the new approach towards the third sector inaugurated by the Labour Government. Differences were evident both in the content and in the style of the engagement. Complaints and concerns about the impact of the relationship should not obscure the real and significant improvement noted at the time.

The incoming Labour Government approached the development of public policy with energy and enthusiasm. It perceived some third sector organisations, although not the whole sector, as partners in a new public policy enterprise. Many senior members of the Government had close personal associations with third sector organisations, both nationally and locally. These relationships had developed particularly in the period immediately before 1997 when the Opposition party consciously sought out new ways of tackling public policy issues. Many third sector organisations had been centrally – and quite properly – involved in these discussions with the Opposition.

In some policy areas, individual third sector organisations had themselves done a great deal to help advance the thinking of the shadow ministers who were elected to government in 1997. Some of this arose through planned and structured interventions. Some was simply generated by historic association and interest. And for some third sector organisations, the new Government provided an opportunity to lobby for, and achieve, particular changes in policy and legislation.
The Labour Government saw organisations within the third sector as important stakeholders. It believed that some of them were closer to disadvantaged people, had innovative ideas for tackling problems, and a capacity to implement policies and programmes quickly and effectively.

The Compact between the sector and the incoming Government had been debated and developed while the Labour Party was in opposition. Its eventual establishment, underpinned by codes that delineated rights and responsibilities, was crucially important in establishing the role of the sector and its relationship with Government. The recent deployment of the Compact mechanism by the Refugee Council, among others, as a means of resolving individual conflicts provides an important example of the power of the Compact. So too does the series of Compact influenced negotiations between parts of the sector, and parts of government, both locally and nationally.

In 2000 I also noted the pace of government consultation and engagement. Inevitably a government in its first term was keen to gather in new ideas and change existing approaches. Ministers and civil servants alike were committed to widening the pool of consultation, and garnering interesting ideas. At the time the process seemed to take place on an ad hoc basis, frequently bypassing established networks.

Those organisations heavily involved in the early days felt excitement and exhaustion in equal measure. They recognised that the process of engagement could never be straightforward. Organisations that had witnessed their campaigning objectives become government priorities knew that they would have to scrutinise and challenge their inevitably imperfect implementation.

“For a time we were treated like the alternative civil service. It was exciting and challenging, but we knew that life would get more difficult later on.”

Chief Executive of a medium-sized policy advocacy organisation

The first few years after 1997 inevitably witnessed some internal tension within the sector. Some third sector organisations felt that their voices were not heard sufficiently, and many complained that the new approach to inclusion and engagement did not allow for disparate and dissenting voices. Others were concerned that attempts to tie third sector priorities too closely to those of the incoming Government might distort charitable objectives, and in particular undermine the independence of the sector. This tension was particularly acute in the early days of the debate about public service delivery. While very many third sector organisations have delivered public services throughout their history, the invitation to do so directly on behalf of government challenged some organisations, and created anxiety about the risks and opportunities of service delivery.

**Policy development, scrutiny and challenge**

Many third sector organisations reported that the period since 1997 has simply been exhausting. Many of the smaller national organisations began to suffer from "consultation fatigue" as they responded to consultation documents and opportunities to brief Ministers and Civil Servants. A significant amount of the time of third sector leaders was spent on Task Forces and Government bodies of all kinds. In some organisations, key people had been seconded to go and work within Government. While recognising that this can be an important way by which to further the mission of an organisation, many reported that it had placed a real strain on their management resources. Some organisations felt that the Government should be prepared to compensate organisations financially for this type of work but many others considered that their independence was grounded in the fact that they were not being paid by the Government to do it.

At that stage many organisations were clear that it had been important to have strategic internal discussions at an early stage to establish their policy and aims, and to plan their response. For some, this involved restating their core
values, while for others it involved a list of proposals to guide the organisations’ work and priorities, and to invite Government response. More specifically, organisations that intended to negotiate in any way with Government argued that they needed to establish a position agreed by trustees and the senior management. If the Chief Executive was left isolated and unsupported, negotiations were unlikely to succeed.

Those interviewed recognised the need to be realistic about what can be achieved: to distinguish between general access to Government and the fewer occasions when they could actually influence it. Particularly those running second tier or umbrella bodies stressed the need to manage the expectations of members and supporters of the organisations who were sceptical about the desirability and effectiveness of such extensive engagement with Government.

A key theme which emerged from the study in 1999 revolved around the legitimacy third sector organisations have to promote policy and to represent the views of others, particularly disadvantaged people. Many organisations had noted at that time that the Government claimed to be able to speak directly to people and felt suspicious of third sector organisations’ claims to representation. Government also believed it could call third sector organisations to account for their performance. Umbrella organisations, in particular, felt that their claims to represent members and users were under constant challenge. This exacerbated the challenge facing all umbrella bodies: to speak with authority on behalf of their members, while at the same time leading their membership in new directions. Many organisations also stressed the importance of their experience and knowledge in being able to make a case convincingly, but also noted that it is difficult to fund research and information-gathering. This use of knowledge can be particularly important for smaller organisations, which need to punch above their weight as measured in terms of size or current influence.

Many third sector organisations found that their main campaigning objectives had become Government policy. This raised questions about the extent to which third sector organisations should be associated with Government policy (whatever its origins), their role in scrutinising the effects of it and the ways in which they could seek to develop or change policy.

Working in partnership

Many third sector organisations were playing a major role in implementing particular Government programmes and received significant funding from Government to do so. The provision of childcare, Sure Start, the Neighbourhood Renewal Strategy and the Government’s Strategy for Rough Sleepers were just four examples of many strategies that relied heavily on third sector organisations for successful implementation.

However, this role in the delivery of programmes placed particular pressures on third sector organisations. At a strategic level, many organisations felt that their energy was being focused on implementation and, consequently, they were unable to give sufficient time to influencing future policy, developing new ideas and planning for the future. Others believed that their autonomy was constrained. Indeed, they noted that it was the Government that now scrutinised and challenged their work in implementing programmes and that it had become difficult for some third sector organisations to draw attention to inadequacies in programmes they were helping to manage. Although funding for programmes is tied to specific objectives, it may have a major indirect influence on whole organisations. Consequently, any overt criticism that might jeopardise programme funding could have an impact much wider than the specific programme.

These comments were, however, based very much on anecdote and it was hard to identify any organisations actually losing funding as a result of criticising either policy or programmes. It is more likely that organisations censored themselves, in fear of such reprisal, without any hard evidence that this would be the effect. Indeed, other leaders of third sector organisations were robust about their ability to receive government funding and still retain their right to speak out. Some argued that the funding enabled them to be treated seriously, and therefore their comments, as long as they were carefully made, were valued.
Many of those interviewed counselled against a view of independence that was too absolutist. Independence, they argued, is a key value, but one that is constantly in the process of re-negotiation. The independence of third sector organisations from any funder, including government, is never straightforward, and will be interpreted differently at different times. It is striking, however, that the third sector organisations with most confidence about their independence from Government were those with diverse and independent sources of funding. In particular, there was a strong view expressed that, while Government needed to recognise the costs to individual third sector organisations of taking part in consultations, and so on, there was often merit in this work being funded independently.

Another set of issues arose from the rapid expansion of some of the organisations caused by government funding and to some extent by the action of other funders. Most of the literature about the management of the third sector lays particular emphasis on the ways in which rapid growth is managed and resourced. In particular, it stresses that sudden growth can frequently present a crisis both in the management of staff and in governance arrangements. A number of organisations had, at the time of the earlier study, not simply grown, but had also experienced a significant change in focus and style of operation.

At local level the experience had been rather different. In 2000 a number of local organisations reported that they were exhausted by the number of centrally directed initiatives in which they felt obliged to participate. Local partnerships had demanded a great deal from a small number of organisations, and had taken place at the same time as a fundamental re-organisation of the ways in which local government operates. The changed operation of local government governance, with the creation of cabinets of executive members and scrutiny panels of backbenchers, had challenged the method of operating for many third sector organisations and had significantly influenced the ways in which local organisations operate.

“Sometimes it feels as if the government is behaving like a think tank, and expecting us just to implement.”

Chief Executive of a national development organisation

Areas for further discussion

The Baring Foundation paper concluded by highlighting several areas for further discussion:

**The sector’s independence and capacity**

What has the new approach meant for the third sector? Has inclusive government co-opted a sector that was previously known for its independence? Is the Government able to tolerate dissent from those it funds? Is there a government agenda that is overriding third sector concerns? Should the sector aim to be a critical friend of Government? If so, what does this relationship require from each side?

Do third sector organisations have the capacity to respond to the rapidly changing policy agenda? What is the quality of their engagement? How well does the third sector provide evidence for its advocacy?

What is the proper scope and role of independent grant-making trusts in this context? Do they have a particular value in underwriting the independence of the sector? And if they do, what should their relationship be to the Government’s own policy agenda?

**Changes in the terms of trade**

Have the terms of the relationship between Government and the third sector changed? One function of the third sector has always been to highlight areas of need and to ask government to try to meet it. Increasingly it seems that government points to areas of need and challenges the third sector to meet it. Is this right? What has this done to the traditional three-way relationship between third sector organisations, people in need and government? Are third sector organisations expected any longer to represent people in need? Or is this now the function of government?
What does this mean for third sector organisations that have seen their function as drawing attention to the needs of disadvantaged and dispossessed people?

The third sector does not have a monopoly on good ideas. Nor does government. What does this mean for innovation and change?

Complexities and demands in the relationship
Is there a proper methodology for involvement and engagement? Do we understand fully the demands faced by third sector organisations? Are there ways in which greater clarity could improve the relationship? Or do we need to accept that the relationship between a reforming government and a third sector, both with multiple accountabilities, is bound to be messy and volatile?

This paper continues the discussion. It considers the way in which the relationship between third sector and government has matured and changed over time. It examines the relationship's impact on both sides and highlights some of the tensions that persist. In particular it draws attention to some of the ways in which the relationship could be enhanced and enriched.
The Government has now clearly moved on to a phase of implementation. Rather than seeking out new ideas from relevant parts of the third sector, it now more often tests plans for implementation, or seeks delivery agents. The sector is now challenged on the progress, or otherwise, of initiatives. There are parts of the sector that continue to feel fully engaged in policy development. Large parts do not, and feel excluded from an inner circle. Even those organisations that believe they have cultivated good working relationships with Government observe that the extent of their engagement varies over time.

This variation can be influenced by ministerial preference or by legislative timetable. Some third sector organisations, however, believe that the degree to which they are invited to engage is conditional on agreement or compliance. Some of those organisations that have been most critical of particular parts of the Government’s programme note that their views have been less actively sought.

On the whole, however, the consultation and engagement processes have settled down, and formal guidelines for consultation are better honoured now than in the past. There is, of course, substantial informal consultation and contact, and those who feel excluded from consultation are often referring to this, rather than to the more formal consultation processes.

In monitoring and scrutinising the implementation of policy, third sector organisations have a crucial role to play. Advocacy that focuses on the identification of new forms of intervention, or on drawing attention to neglected issues, is now supplemented by an advocacy role that examines and reports on impact. The close connections that third sector organisations have with the users of services, and their capacity to articulate users' voices, provides a platform for the sort of scrutiny and challenge which is at the heart of so much third sector activity.

Policy development

The sector has become much more sophisticated at managing its policy development role, and this is no longer seen as a challenge. Equally, Government has become much more able to hear the voice of the sector, and on some issues, has become adept at developing new and different ways of engaging with the sector.

However, despite this increased capacity on both sides, there are inevitably tensions. The creation and development of policy is a core part of the mission of many of the third sector organisations and the opportunity to be involved with a Government that was quickly developing and changing policy had been welcome. These policy developments are now being disseminated and there are challenges in this new context. Some organisations reported that they felt they had less freedom to challenge ideas which they had previously promoted. In part, this is pragmatic common sense. No third sector organisation wishes to be in perpetual opposition as this is unlikely to maximise its influence. However, many organisations commented that it was critical for them to have the freedom and the means to scrutinise and comment critically on government policy.

No third sector organisation will admit to feeling constrained in its capacity to challenge government. All organisations will stress their independence and ability to speak out on behalf of their service users. Yet those contributing to the 2004 review did raise questions about the pressures they sometimes experienced. This was rarely overt, but was experienced as a diminution of access, or in a couple of cases, the withholding of ministerial favours, from those organisations which had voiced concerns. For the third sector organisations responding, there was no suggestion that this sort of pressure would change behaviour. On the other hand, they recognised the tough political environment within which they operated. In this environment, organisations needed to plan strategically the ways in which they spoke out and challenged policy development.
Some parts of the third sector have been heavily involved over many years in developing policy and implementing practice over which they had grave reservations. While there is considerable merit in ameliorating the worst impacts of policy, many were concerned to find ways of developing such engagement and at the same time continuing to challenge and question. For some it was only through constant engagement and interaction that they could maintain their position of influence. On the other hand, there was concern about the way in which independent charities could be used to endorse particular policies. Third sector organisations reported some pressure on them to participate in launches of particular policies, supplying celebrity supporters and beneficiaries to events. While some believed that at times these were appropriate ways in which to gain publicity, there were other occasions when they felt their commitment was devalued and treated as simply a form of public endorsement. This caused particular problems for the other stakeholders in individual organisations, many of whom were unwilling to take part in this process.

Sophisticated and strategic engagement in policy development takes time and real capacity, which many organisations fear they lack in sufficient quantity. It requires staff with skills and judgement, and trustees willing to take on the burdens and the opportunities of such work. While most organisations stressed their commitment to continuing engagement in the policy development field, all also knew that there was a cost to such engagement, and it needed to be continuously weighed in the balance with their other activities. They also knew that unless they engaged closely with Government, they would be unable to achieve their own objectives because the achievement of social change requires multiple, and powerful partners.

**Scrutiny, challenge and innovation**

When the focus of government moves from developing policy to implementing it, the third sector’s focus also changes. While most third sector organisations will continue to develop new ideas at the same time as learning lessons from current policy, for some organisations the focus has clearly moved to one of scrutiny and challenge. However committed they may have been to the policy blueprint, and in a striking number of areas the published policy programme reflects the recommendations of third sector organisations in the field, the phase of implementation will require monitoring and challenge.

It is in this area that some third sector organisations have reported real pressure. As advocates for particular policy prescriptions, their duty to measure change has, in some cases, brought them into conflict with the Government. Organisations that campaigned for more childcare places have drawn attention to their own research which illustrates a shortfall both on promise and on demand. Homelessness organisations, which worked closely with Government in devising new solutions for the rising numbers of people living rough, have drawn attention to the limitations of just those solutions.

In quite properly pointing to the limitations of policy implementation, even when they have had a major part in it, organisations have demonstrated their capacity to hold the Government to account, and the experience for some has been uncomfortable. Yet, on balance, it is hard to identify particular points where the tension has become more than is inevitable from the interaction of highly committed and hard working people. The fact that third sector organisations are required both to advocate and then scrutinise is nothing new, and few organisations argue that the pressure they face has been a sufficient deterrent to prevent their speaking out.
If organisations still feel free to challenge and to scrutinise, what is the problem? Are there real concerns about the freedom of the third sector to present a convincing case? The evidence seems to suggest otherwise. It points to two potential areas of weakness and threat.

**The evidence base**
Firstly there is, on some issues, anxiety about the robustness of the data on which the scrutiny relies. Undoubtedly, challenging the success of policy implementation requires a firm evidence base, and those defending policies will seek to undermine opposition by criticising the reliability of evidence. Some third sector organisations have recognised this and invested more heavily in their data gathering methods, introducing systems of peer review and external scrutiny to assure themselves of the robustness and accuracy of their position. However, these responses all bring costs, and for many organisations the requirement to strengthen their evidence, while valid and indeed welcome, is expensive. This differs between types of organisation. For those organisations with a strong and active membership, for example those organisations working to support people with a particular medical condition, their closeness to the membership itself provides robust and reliable data, if carefully articulated. For others the caseload of advice or care will provide the same information. For all, the new facilities of proper knowledge management enable a more defensible response to be articulated.

**Self censorship**
The second concern about scrutiny and challenge is the threat of self censorship. Several commentators have noted that third sector organisations frequently perceive a pressure to be silent, when in fact the evidence suggests otherwise.

> "Far too many third sector organisations are nervously defending a virtue that no-one has yet tried to attack."

Chief Executive, Refugee Council

Organisations that censor themselves, for whatever reason, are failing to articulate the experience of their members, service users or beneficiaries. While there may be sound pragmatic reasons for doing so from time to time, and there will always be choices for organisations to make, the costs of self censorship in the long term are significant. They may weaken the capacity of that part of the sector to hold government and other providers to account. In the long run, the self censorship that fears reprisals and seeks to pre-empt them is as dangerous for the freedom of the sector as the abuse of position by the powerful seeking to silence dissent.

**Working in partnership**
Revisiting the issues around partnership working in 2004 suggested a major change had taken place. Working in partnership with government, either to research particular issues, or to develop and deliver programmes, now seems to be much more part of the normal activity of the third sector. There seems to be much greater confidence about the ability of the sector to do this, and although there are still fears about mission drift, the sector is engaged in a wide range of partnerships.

Partnership working has developed to support both the operating environment for third sector organisations, and the policy environment. Examples of the former include the Treasury's 2002 Cross Cutting Review of the sector's service delivery role, and the development and implementation of Futurebuilders, both of which involved a wide range of third sector organisations. The policy environment has also been developed through partnership working between
third sector organisations and with Government on, for example, the development of Government thinking and practice on childcare and child protection.

The evidence suggests that at national level, particularly on those issues on which the third sector has a clearly articulated and shared view, it has been possible to work in a variety of partnerships, formal and informal, both to develop programmes and then to implement them. The appointment of senior people with third sector experience to leadership roles within Government has undoubtedly aided this development.

Tensions have arisen, perhaps inevitably, where there is less coherence between third sector views. In part this seems to be a question of capacity. Where the sector is relatively organised, and the second tier agencies are resourced to carry out both the brokerage work and the research and development, it has been possible to construct creative and resilient partnerships. Where the second tier is less well resourced, or where there is a lack of leadership, it seems to be the case that engagement in partnership working suffers. The asymmetric relationship between the statutory sector and the third sector, which is always present, is particularly significant when capacity is evidently lacking.

There is no single third sector view, nor should there be. The policy origins of different charities will result in different stances. The different professional perspectives will inform this, as will the reconciliation of conflicting evidence. Such dissent within the sector is part of its value, and the different voices need to be heard. Government pleas for a single voice demand a conformity that cannot exist in a sector that has grown organically, in response to different needs and motivations. In terms of partnership this can be challenging, and both the third sector and Government have had to learn to identify areas of common ground and respect their differences, rather than denying them. Inevitably, ministers will make common cause with those organisations whose views they find persuasive. It is important for the health of the whole sector, however, that the range of voices continue to be heard, even if they cannot all take part in the full range of partnership working.

Five years on, the local picture seems to be more varied and, perhaps inevitably, more finely textured. The development of Local Strategic Partnerships has, in some localities, enabled the relationships between the third sector and statutory colleagues to be radically reformed. Backed by the Compact, some localities reported that there has been a major improvement both in relations and in effectiveness. In many others however, the complexity of delivery, and the structure of the partnerships constructed to enable it, has undermined and exhausted the third sector. Particularly in the context of urban and rural regeneration, the reported experience of some parts of the third sector was patchy, and in many cases deeply unsatisfactory.

This last finding is particularly worrying for the future. The development of local governance requires the full range of stakeholders to play their part. While in some areas the local third sector stands ready and able to participate, initial feedback suggests that the development of much better forms of participation will be needed if local governance is to involve the third sector appropriately.
Looking forward: challenges for the future

Whatever the outcome of the General Election in 2005 the questions raised in this paper will not go away. Features of any incoming government, whatever its political colour, will almost certainly include:

- further commitment to the reform of public services, and
- a growing concern about the requirement for civil renewal.

If the third sector is to continue to speak truth to power, continue to play a role in the development of a strong civil society, and continue to have a voice that can be heard in an increasingly noisy world, challenges will emerge in four key areas:

- independence,
- capacity,
- mandate, and
- engagement.

Independence

The first emerging theme is about the possible tension between engagement with Government policy and maintaining independence. All those contributing to these discussions recognised that there is great scope for third sector organisations to influence policy and play a significant role in implementing it, not least because they have played a part in creating a public policy agenda which is often congruent with their own mission and aims. However, they also recognise that there is a possibility that doing so may directly or indirectly limit the sector’s ability to scrutinise and criticise public policy. Most significantly it may affect perceptions of their ability to scrutinise and challenge.

Third sector organisations face a strategic choice about the extent to which they seek to influence and be identified with policy and also their involvement in implementing such policy. Some third sector organisations have become heavily involved in implementation. Others are developing a role in scrutinising Government policy and practice. Most would argue that their closeness to service delivery provides a mandate for effective challenge. Others are using their position to argue the case for their users and members, pushing at the boundaries of accepted policy and practice. The third sector in different ways is doing some or all of this. Third sector organisations will continue to be faced by the challenge of defining and balancing roles which may not always easily sit together. For the sector as a whole the continuing reinforcement of the independence of the third sector, and the whole of civil society, provides the space in which dissent can be articulated, and diversity of view promoted.

The Government has a clear view shared with the sector and articulated in the Compact that an independent and diverse third sector is fundamental to the well-being of society. However, while the Government is clear about the practical ways in which the sector can help it devise and implement policy, the implications of this for the independence of the sector and how that independence should be maintained and developed could be further developed. This may be an area where the principles of the Compact should be developed into a clear code of practice.
The purpose of independence itself requires better, clearer and repeated articulation. While it is frequently stated as an absolute value, in the context of the third sector, independence has additional utility. The ability to speak out on behalf of the disadvantaged and dispossessed lies at the heart of social change. Historically the third sector role in articulating dissent and developing new, and challenging, approaches to social problems has provided the baseline for social change. The sector, and government, loses this at its peril.

**Capacity**

Playing a full part in civil society is time consuming and not normally well funded. For most third sector organisations the opportunity to engage with government is an opportunity to advance the mission of their organisation. Just as third sector organisations are adept at seizing other opportunities for development, so their response to government has been enthusiastic. For many smaller third sector organisations, however, the demands for engagement in policy compete with the management needs of their organisations, while others are concerned that they could lead to a form of "mission drift" in which it becomes much harder for third sector organisations to identify their own futures. On the other hand, many organisations have given attention to understanding the strategic context in which they are working, and are clear that simply staying out of this process of discussion and engagement is not an option.

Nevertheless questions of capacity remain. The second tier organisations - those supporting, facilitating and leading the third sector - are increasingly called on to contribute on behalf of their members. Yet their resource and internal capacity can limit this function. What is more, the ability to do this work well requires high quality knowledge management, including an increasingly sophisticated way of gathering information, and perspectives, from members. If this is not done they are accused of ignorance, but to do it well requires skill, as well as capacity.

Government also has a problem of capacity. While the third sector is clearly not homogenous, and rejoices in its diversity and difference, so government - central, local and increasingly regional - is also diverse. It is noticeable that departmental perspectives are as dependent on the configuration of officials and ministers as on agreed policy. Third sector organisations have learned over the last seven years how to survive organisational changes at the heart of government, and have learned much more about the machinery of government. Nevertheless they are struck by the limited capacity of some parts of government, and recognise that they frequently hold knowledge and information in ways which are the envy of large Whitehall departments. As some individuals from the third sector get closer to the working of government, and in a more porous governance structure this is inevitable, there is a growing confidence in the contribution made by the sector to capacity within government. It is also striking that the civil service culture in which individual officials move frequently, and are appointed to roles, not projects, has meant that experience more often rests in the third sector where individuals will stay in post for much longer. This is one other way in which the relationship between the more powerful government department and the more experienced and knowledgeable third sector organisation can be rebalanced.

"Sometimes they want to work with us – because we’re close to the front line but they don’t like the fact that we are not like them. They think we’re messy, and we are."

Member of a local community enterprise organisation

Different parts of government – and different sections within departments - may behave in very different ways, with very different assumptions and understanding about the sector. Nevertheless, there was concern that many parts of government, while embracing the third sector as a delivery mechanism and showing an eagerness to involve individuals from the sector in their deliberations, are also rather unsophisticated in the ways in which they do so and, especially, deal with dissent and disagreement.
Looking forward: challenges for the future

A number of examples were given of rather clumsy interactions, suggesting that there remains limited knowledge within government about the ways in which the third sector operates. In particular, government was described as setting unrealistic time scales, with no understanding of the ways in which particular sectors work. Civil servants and ministers overlook the fact that the sector is made up from groups of independent organisations, each with its own trustee body, and that no organisation, however effective, can direct the sector.

More recently there have been concerns that some of the wide ranging and time consuming consultation programmes, particularly on the development of new funding, were not actually as open as they had been described. In these circumstances, it was argued, it would have been more straightforward for the Government to set out its intentions, rather than invite engagement in the development of a programme which was to be largely government directed.

Parts of the third sector demonstrate considerable skill and political acumen in their management of this demanding political agenda. However, there are few opportunities to learn from each other and in particular concerns were expressed that some groups of trustees were not sufficiently confident with this new approach to policy making and service delivery. The danger with this is that the agenda is led by the chief executives, who may then find themselves extremely isolated as new challenges and demands arise. It is also apparent that there are few opportunities for those inside government to meet to consider the ways in which they engage with the sector, and a strong view emerged that the Compact should provide a framework for such work. The regular conferences between acevo and the Senior Civil Service are occasions at which some of these issues can be explored and new approaches developed.

Mandate

Third sector organisations base their right to speak out on either their organisational experience, knowledge or status, or on the experience of their members and service users. In a less deferential society, this mandate is more likely to be challenged. A key theme emerging in this discussion has been the robustness of the third sector organisations’ mandate, and varying levels of acceptance of their authority. The status of individual organisations is called into question, as is their right to speak on behalf of others.

Authority is no longer conceded automatically to any organisation. The charity brand does not convey an unquestioned mandate. Instead, third sector organisations are challenged in a number of ways on the nature of their mandate. The first challenge comes from their users. Increasingly organisations are held to account by their members and users for the legitimacy of their statements, and the validity of their views. A similar challenge is made by government, questioning the basis on which representations are made. For most organisations these challenges have been welcome. Third sector organisations, in common with others, have recognised the need to attend to their mandate, and to renew and refresh their capacity to hear the voices of members and users. Many have changed their own internal structures to ensure that there is a clear link between their public presentation and the experience of their users, and have harnessed both new and established methods of consultation to ensure that they are speaking with well grounded authority.

The strengthening of a mandate is a continuous process. Challenges to authority and legitimacy are part of the background against which organisations have to operate. The development of a sound and convincing evidence base, with clear links to the experience of members and users, has provided many third sector organisations with a secure platform from which to speak. Those that have been unable to do so, or have found the evidence for their case less compelling, have found articulation much more difficult. What is more, in an internet-based information age, with rapidly developing new styles of communication and information gathering, the role of the third sector organisation as an intermediary between those in power and the dispossessed and disadvantaged will face continued challenge.

There are particular challenges for second tier bodies. The Baring Foundation has devoted a significant proportion of its grants budget to funding organisations that operate in the second tier, supporting front line third sector organisations. This is because the Foundation believes that this is an effective way of supporting a healthy, vibrant third sector. Infrastructure bodies need to represent their members with accuracy and assurance. In times of
considerable change they need a clear mandate from their members to do so. They also, from time to time, need to lead their respective sectors and in particular may be able to spot the opportunity to seize a strategic advantage when their members are more resistant. These tensions are constant for infrastructure organisations, but there is some evidence that the current demanding policy environment has exacerbated them. Many of the network and representative bodies have given high priority to improving their communication with their members, ensuring that their views are represented accurately. This is particularly important because so many are conscious of the Government’s readiness to bypass intermediaries of all sorts and go direct to the front line.

Engagement

The question of capacity is closely linked to one of expectation, and the nature of engagement. It is easy for third sector organisations, particularly those with less experience, to take part in discussions without a clear understanding of their role. Since 1997 the sector has grown significantly in its ability to distinguish between the different forms of engagement. Third sector organisations must continue to have clarity about the nature of their involvement and contribution, whether this is to supply background data, shape priorities, manage delivery or provide some other function. Without this, they will not be able to take a fully informed view about the priority of the work, how to be involved and the likely benefits.

It has been suggested that a clearer methodology of this sort might aid third sector organisations in their difficult decisions. Such a methodology would define:

- The purpose of involvement,
- The level of engagement,
- The nature of commitment expected,
- The contribution expected, and
- The possible benefits.

Currently the decisions made by third sector organisations about participation are made rapidly, with limited information. They rely on informed guesswork and may be guided as much by the business needs of the organisation as by the outcomes that can be achieved. Crucially, these decisions test the capacity of third sector organisations and the individuals leading them. Skilled and capable individuals lead many third sector organisations. However, many of those interviewed stressed that the changing climate had tested those skills and the capacity of their organisations, including the trustee body, to cope with such rapid, demanding and frequently contradictory challenges. There is some enthusiasm for a more explicit code of engagement, enabling responding third sector organisations to determine the extent of their commitment, and make the level of their engagement more explicit.

On the other hand, such a methodology needs to avoid giving false comfort. Engagement with the development of public policy is inevitably messy. It will involve both rapid judgement and good political sense. When underpinned by a clear sense of organisational direction, explicitly articulated values, and robust knowledge it can be very powerful. Without these attributes however, even perfectly honed methodologies of engagement will be of limited value.
This is a complex debate with no easy answers. Some conclusions emerge from the discussions so far:

1. Engagement with government has meant many different things for the third sector. While some organisations have feared that inclusive government means the co-option of a sector that was previously known for its independence, others have found that it actually allows for mature and intelligent involvement with the creation of policy and the development of practice. Many organisations have found that dissent and challenge is perfectly compatible with receiving funds from government, and those that have feared excessive pressure have found the confidence to assert their position. The growing role of many organisations as critical friend to government is one that is both rewarding and influential.

2. Lack of capacity is a major obstacle to effective third sector engagement. The role of the second tier in the sector, sharing information and evidence, offering research and development and providing a brokerage service will need to be enhanced and developed to enable third sector organisations to assert their voice effectively. Equally, leadership skills will need to be enhanced in an environment in which many voices compete for attention from an increasingly sceptical and questioning audience.

3. The absence of a proper methodology for engagement is a major gap. Some organisations feel threatened without a language to describe accurately different relationships. Third sector organisations are divided as much by perception as by reality. The development of an easily understood framework for engagement, spelling out the different levels of commitment, could enable the voice of the sector to be heard more clearly and more purposefully.

4. One function of the third sector has always been to highlight areas of need and to ask government to try and meet it. Now it seems government points to areas of need and challenges the third sector to meet it. This has called into question the traditional three-way relationship between third sector organisations, people in need and government. For many organisations this has prompted a welcome, and healthy, re-examination of the nature of their mandate and voice.

5. Innovation is the lifeblood of the third sector. It is also needed by government. Organisations that are ready and willing to look again at established ways of doing things and advocate change are essential in the development of policy. Innovation and challenge are inextricably linked. The third sector, at its best, based on the powerful experience of service users and members, can provide the spur for that innovation.
Appendix 1 – Purpose and methodology

The purpose of this paper, presented as a think piece rather than research, is to stimulate and contribute to a debate about the changing relationship between government, national and local, and the third sector. This paper updates the earlier work completed in 2000, and has supplemented those interviews with discussions, and meetings with a number of organisations. It was stimulated by a seminar held at the Baring Foundation in April 2004 which provided an opportunity to consider afresh the issues raised in 1999-2000. The Baring Foundation supports a wide range of organisations but has particularly focused on the needs of small and medium-sized charities, operating at national or local level. While this paper seeks to reflect some of their views, the thinking has also been supplemented by the views of leaders in national organisations, and particularly some of those who responded to acevo’s interest in this issue.
Appendix 2 – The role of the independent grant-making trusts

The Baring Foundation is an independent grant-making trust. A significant part of its current programme of funding is entitled “Strengthening the Voluntary Sector”, and the major contributions to overhead costs it makes are a part of this programme. The issue of the relationship with Government has arisen throughout reviews of funded organisations, and this was the impetus behind the original piece of work, and this updated version.

Third sector organisations funded by grant making trusts are very clear that independent sources underpin their own independence and provide some room for manoeuvre. This funding might be applied in a number of different ways.

- To allow organisations concerned with issues that are not central to the Government’s policy concerns to continue to develop and thrive and exert appropriate influence,
- To enable third sector organisations to take part in policy bodies and working relationships with Government and retain a strong independent base,
- To allow for the collection of information and evidence, and the presentation of it in a form that could then be used to influence policy makers and decision makers, and
- To support the internal infrastructure needed at times of rapid growth.

For grant-making trusts these purposes may create some dilemmas. Many trusts are reluctant to subsidise Government, whether overtly or not. Equally, many believe that Government should be prepared to fund fully where there is a strong identification between the interests of Government and those of the third sector organisations. On the other hand, they also recognise the need for a practical underpinning of the independence of the third sector, and many recognise that grant aid from a non-government source provides a diversity of income that is very useful.
Acknowledgements

Grateful thanks to the following people who contributed to discussions and whose input helped to shape this paper:

Kamala Achu, Jaipur Limb Campaign
Sue Admas, Care & Repair England
Nick Aldridge, acevo
Cliff Allum, Skillshare International
Eric Appleby, Alcohol Concern
Janet Arkinstall, JUSTICE
Deborah Arnott, ASH (Action on Smoking and Health)
Pauline Baker, 3tc
Andrew Banks, Anjali Dance Company
Thomas Barclay, Genetic Interest Group
Nicholas Baring, The Baring Foundation
Sue Blacker, Silvanus Trust
Anna Bowman, Yorkshire Sculpture Park
Heather Brandon, Volunteer Reading Help
Peter Breen, Skill: National Bureau for Students with Disabilities
Sandy Buchan, Refugee Action
Jane Buckley, Changemakers
Dominique Cadiou, Opportunity International UK
Jocelyn Cassia, North Tyneside Art Studio
Sarah Champion, Chinese Arts Centre
Philip Clarke, The Who Cares? Trust
Tabitha Collingbourne, Dial UK
Simon Counsell, Rainforest Foundation
Jeremy Crook, Black Training & Enterprise Group
David Cutler, The Baring Foundation
Helen Dent, Family Welfare Association
Jonathan Dudding, ICA:UK
Nikki Eastwood, The Baring Foundation
Rebecca Farrar, Oily Cart
Daniel Fletcher, Foyer Federation
Zeremariam Fre, PENHA
Barbara Frost, Action on Disability and Development
Myra Fulford, Prison Advice Care Trust
Lucy Gampell, Action for Prisoners' Families
Shaks Ghosh, Crisis
Nicola Harwin, Women's Aid
Richard Hebditch, NCVO
Jessica Hepburn, Lyric Theatre Hammersmith
Ben Hughes, bassac
Skinder Hundal, SAMPAD
Stephen Joseph, Transport 2000
Mary Kiden, South Sudan Women Concern
Sharon Kivity, Theatre-rites
John Low, RNID
David Manion, Age Concern London
Mary Marsh, NSPCC
Justine Marsh, Skylight Circus Arts
Paul Maxlow-Tomlinson, Prisoners’ Education Trust
Jenny Meadows, Community Transport Association
Christopher Naylor, Engage
Dave Nelson, Dove Designs
Clive Nettleton, Health Unlimited
David Ould, Anti-Slavery International
Susie Parsons, Campaign for Learning
Ray Phillips, London Voluntary Sector Training Consortium
Lorna Reith, Disability Alliance
Mohammed Sarwar, Multi Asian Arts Centre
Su Sayer, United Response
Julie Shorrock, The Scarman Trust
Liza Stevens, Traidcraft
Linda Strudwick, Heads Together Productions
Jeremy Swain, Thames Reach Bondway
Matthew Taylor, Escape Artists
John Thompson, Emmaus UK
John Twigg, The Baring Foundation
Greg Walker, CREATE Liverpool Ltd.
David Ward, The Windows Project
Andrea Westall, New Economics Foundation
Angela White, Sefton CVS
Kate White, Blackfriars Arts Centre
Jane Woddis, Big Brum Theatre in Education Co.
Judy Ling Wong, Black Environment Network

Particular thanks to the following, who commented on the paper before publication:

Nick Aldridge, acevo
Stephen Bubb, acevo
David Cutler, The Baring Foundation
Peter Molyneux, Consultant
Julia Unwin has worked in the third sector, local and central government and in the private sector, and has a long track record in promoting and developing the public interest in social policy. She is currently the Deputy Chair of the Food Standards Agency.

She was a Charity Commissioner from 1998 to April 2003 and served on the Board of the Housing Corporation for over ten years. She chairs the Committee of Reference for Isis Asset Management and Friends Provident and is a Board member of the National Consumer Council. She is also an independent Board member of the DTI and a member of the Audit Committee there.

In a freelance capacity she has been an adviser to government, grant making trusts and to companies and has researched and published on the funding and governance of the third sector.
Published by The Baring Foundation
in collaboration with acevo

The Baring Foundation was set up in 1969. It has supported a wide range of voluntary organisations since. Our current priorities are the arts, international development and strengthening the voluntary sector.

The Baring Foundation
60 London Wall, London EC2M 5TQ
Tel: 020 7767 1348 • Fax: 020 7767 7121
E-mail: baring.foundation@uk.ing.com
Website: www.baringfoundation.org.uk
Charity registration number 258583

acevo is the professional body for the third sector’s chief executives, with over 1800 members. We work to connect, develop and represent the sector’s leaders. The broad not-for-profit sector now employs the full-time equivalent of 1.5m staff, with a collective annual turnover of £46bn.

Association of Chief Executives of Voluntary Organisations
Tel: 0845 345 8481 • Fax: 0845 345 8482
Email: info@acevo.org.uk
Website: www.acevo.org.uk